

INTERCOLLEGIATE ATHLETICS AND ESCALATION OF COMMITMENT

A Dissertation

by

FRANK ADRIEN BOUCHET

Submitted to the Office of Graduate Studies of
Texas A&M University
in partial fulfillment of the requirements for the degree of

DOCTOR OF PHILOSOPHY

May 2011

Major Subject: Educational Administration

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ABSTRACT

Intercollegiate Athletics and Escalation of Commitment. (May 2011)

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This dissertation provides an overview of the history of intercollegiate athletics through the lens of escalation of commitment theory, a framework that has been used primarily in business and public policy literature. The dissertation is comprised of three case studies that reflect the direction that different college or universities have chosen to take regarding their athletic programs. This dissertation explores the literature regarding escalation of commitment and its impact on college athletics. Contributing to the paper is a focus on the financial contributions colleges and universities continue to make in their athletic programs despite evidence that these resources are not being rewarded. The papers hypothesizes that both external and internal pressures play a key role in the investments that college and universities are making in their Division I athletic programs.

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CHAPTER I

INTRODUCTION

Intercollegiate Athletics and Escalation of Commitment

Throughout history, powerful people have found themselves locked into courses of action and situations that initially seemed lucrative; however, as time progressed, these actions and situations proved to be most imprudent. Yet these people remained intent on their commitment to their original courses of action instead of seeking a new direction. The term for this situation has become known as escalation of commitment (Staw, 1976; Staw & Ross, 1989). Essentially, people will rationalize their decisions and find ways to justify their continued commitment to losing courses of action, which then ultimately leads them to become trapped in these losing situations as a result of their earlier decisions (Staw, 1976; Drummond 1994).

To illustrate, escalation of commitment theory has been used to suggest one city's continued expensive and failing initiatives for bolstering its local infrastructure. As reported in a 1979 article in Time Magazine entitled *Money Down the Drain*,

A city spends a large amount of money to improve its sewer and drainage system. The project is the largest public works project in the nation and involves digging 131 miles of tunnel shafts, reservoirs, and pumping stations. The excavation is only 10 percent completed and is useless until it is totally finished. The project will take the next 20 years to complete and will cost \$11 billion. Unfortunately, the deeper the tunnels go, the more money they cost and the greater are the questions about the wisdom of the entire venture (Staw, 1981, pg. 577).

Granted, there were likely many other factors influencing the local government's decision to continue with this project; however, this example illustrates the point that

This dissertation follows the style of *Journal of Sport Management*.

some of the more incomprehensible political and business based decisions have been the result of escalating commitments (Staw, 1981).

Variations of escalation of commitment theory abound in different academic sectors. Organization behaviorists often refer to variations of this theory as job embeddedness (Mitchell, Holtom, Lee, Sablinski, & Erez, 2001). In social psychology literature, many studies have been conducted regarding the phenomenon of “entrapment” (Brockner & Rubin, 1985). Tegar (1980) has published literature in conflict resolution concerning the rationale of “too much invested to quit”. Behavioral economists discuss the effects of “sunk costs” (Knox & Inkster, 1969; Sutton, 1991). With these various derivations of escalation of commitment theory, the lingering question remains: when should one get out of a situation that clearly is no longer advantageous?

One area in which escalation of commitment theory could be useful in explaining events is the institution of sport. Recent financial data from 119 NCAA Division I athletic departments indicates that only 25 of these athletic departments were financially profitable in 2008 (Fulks, 2009), meaning their revenues did not cover their expenses. The majority of university athletic departments are continually running large financial deficits. The constant pressures of producing winning athletic teams and gaining more exposure for the universities has led to an influx of spending by the athletic departments (Fulks, 2009). However, it would appear that many athletic programs may discover that they have fallen into scenarios of escalation. Many universities pour millions of dollars into their athletic programs with the naïve hope that their athletic teams will somehow be able to compete at the highest levels and earn a return on their investment.

Through this chapter, and the subsequent articles, I examine intercollegiate athletics utilizing escalation of commitment as an epistemological lens to shed light on the circumstances occurring in intercollegiate athletics. I explain the tenets of escalation of commitment and outline the research methods used to collect and analyze data for the subsequent three articles. I explore the historical development of intercollegiate athletics to demonstrate how universities have fallen into the cycle of escalation and apply escalation of commitment to the events transpiring in intercollegiate athletics. Finally, I offer three case studies that highlight both escalation and de-escalation phenomena in a higher education setting.

Escalation of Commitment Theory

Escalation of commitment is a theory that states that it is expected that organizations will reverse decisions which result in negative consequences (Staw, 1976). Or as Drummond (1994) notes “escalation is defined as a situation in which costs are incurred, negative feedback is received, where there is an opportunity to withdraw or persistence are uncertain (p. 592).” In lay terms, when people continue to persist in the face of negative feedback they are in an escalating situation.

Determinants of Escalation

Project determinants are generally the objective economic aspects of the project or situation that are the most obvious factors of remaining in a course of action (Staw & Ross, 1989; Drummond, 1994). Essentially, project factors concern primarily the perceived costs and benefits of continuing a project onto its completion (Drummond, 1994). These variables include possible future profits of the project along with the

amount of investments needed to achieve a profitable margin on the project as well (Ross & Staw, 1986). Therefore, it is apparent that the economic structure of a project can play a part in the determination of whether or not individuals choose to stay in situations (Ross & Staw, 1986).

Psychological determinants tend to be more abstract than project determinants, yet they still have a decided effect on the decisions of individuals that lead to escalation. Examples of psychological factors include the difficulty of withdrawing from a previously rewarded activity; individual motivations such as the need for self-justification; decision making errors such as trying to recoup resources already invested in the project (known as sunk costs); and biases in information processing such as tendencies to slant data in the direction of pre-existing beliefs (Ross & Staw, 1986; Staw & Ross, 1989; Drummond, 1994). As Staw (as cited in Ross & Staw, 1986) explains, individuals who are responsible for initial funding decisions of a project tend to become more psychologically attached to the project even in face of the impending losses that are suffered.

Social determinants are the interpersonal processes that may lead to excess commitment. Often, persistence with a losing course of action becomes a situation of maintaining social status by not admitting mistakes which would then ultimately result in the loss of the individual's credibility in social sectors (Ross & Staw, 1986; Staw & Ross, 1989; Drummond, 1994). Succinctly stated, "administrators may persist in a course of action, not just because they do not want to admit a mistake to themselves, but because they hesitate to expose their errors to others" (Ross & Staw, 1986, p. 217).

Finally, structural or organization determinants are the continued commitments of entire organizations to the projects or situations (Ross & Staw, 1986; Staw & Ross, 1989; Drummond, 1994). Eventually, as projects continue to grow, the aforementioned individual determinants begin to subside and the persistence of individuals evolves into organizational commitment to the project (Drummond, 1994). Political forces on and public perceptions of the organization also factor into the organization's willingness to continue in losing directions (Ross & Staw, 1986).

Escalation of commitment theory has been used primarily in the study of foreign policy situations and in the study of management (Allison, 1971; Staw, 1976; Ross & Staw, 1986). However, escalation of commitment has received little or no attention in the field of sport management. Accordingly, I will examine the history of intercollegiate athletics in order to illustrate the evolution of intercollegiate athletics and escalation of commitment theory to demonstrate how universities and athletic departments can find themselves in situations of escalation.

History of Escalation within Intercollegiate Athletics

Colleges in the United States have participated in athletics since the mid 1800s. The first intercollegiate competition was a crew race between Harvard and Yale in 1852 (Barr, 2008). These first contests between universities were run primarily by the students from the participating schools. As the pressure to win these athletic events continued to increase, it became apparent to the students that they would need outside help in order to be better equipped for the competitions. This led to Yale hiring William Wood in 1864 to be the first intercollegiate athletic coach (Barr, 2008).

The late 1800s and early 1900s saw a tremendous growth in intercollegiate athletics. Steadily, intercollegiate athletics blossomed into a major part of American life. Though collegiate athletics were also present in English and German universities during this time period, intercollegiate athletics in the United States had already begun to experience commercialization (Cohen, 1998). Whether built through donations or funded through deficit financing, the large scale football stadiums at California, Michigan, Minnesota, Wisconsin, and Yale (which are still in use today) were built in the 1920s (Cohen, 1998).

As these contests became increasingly more competitive, the dangerous nature of football and illegal student participation forced faculty and campus administrators to find ways to govern and regulate athletic contests. This led to the formation of two organizations that would forever change the scope of intercollegiate athletics. The first was the formation of the Big Ten Conference in 1895 (Barr, 2008). The conference, which was comprised of large public Midwestern universities, was formed to create student eligibility rules. The second change was the formation of the Intercollegiate Athletic Association of the United States (IAAUS) in 1905 which was established in order to increase safety in the game of football (Barr, 2008). Eventually, in 1912 this organization changed its name to the National Collegiate Athletic Association (NCAA) (Barr, 2008).

The growth of intercollegiate athletics did not come without costs. In 1929, the Carnegie Foundation commissioned Dr. Howard Savage to conduct a study that ultimately painted a bleak picture of intercollegiate athletics in the U.S. (Barr, 2008). Savage and his coauthors discovered that there was an increase in commercialization in

intercollegiate athletics, leading to problems such as recruiting abuses, academic abuses, and even monetary payments to athletes (Barr, 2008; Thelin, 1994). From these findings, the NCAA began to change its mission into an organization that oversees academic standards, monitors recruiting, and establishes principles to govern amateurism in intercollegiate athletics (Lawrence, 1987). Sixty years later, the Knight Foundation conducted a similar study which found that many of these same problems still existed (Barr, 2008).

In 1948, representatives from all the major conferences met in Chicago to discuss both the effects that the end of World War II would have on college athletics and to discuss the need for all schools to abide by NCAA rules (Lawrence, 1987). The guidelines for intercollegiate athletics that came out of the Chicago meeting were sent to all major universities for review (Barr, 2008). The guidelines set forth by this meeting were coined as the Sanity Code, as it was believed that the five principles outlined would return a level of sanity back to intercollegiate athletics (Lawrence, 1987). The efforts that came out of the Sanity Code were the strongest efforts of the NCAA to date regarding the regulation of the amount of financial aid universities could offer student-athletes (Lawrence, 1987). Eventually, the Sanity Code was overturned in favor of individual enforcement by each individual school in the NCAA (Lawrence, 1987). It could be argued that over the years the NCAA's inability to sanction individual schools and certain schools' reluctance to adhere to the tenets of the Sanity Code was one of the initial factors that have led to escalation in intercollegiate athletics.

Intercollegiate athletics continued to evolve and expand throughout the mid 1900s. Football in particular began to incorporate new ideas and strategies that helped shape the game into the game we see played today. Until the 1960s, intercollegiate football was played as a one-platoon game where the student-athletes were responsible for playing on both the offensive and defensive side of the ball (Byers, 1995). Playing football with a single platoon was economically advantageous because the costs associated with fielding football teams were considerably low (Byers, 1995). However, the growing influence of coaches began to take intercollegiate football in another, less economically efficient direction. Aggressive and forward thinking younger coaches in the 1950s began to push for a two-platoon game of football, and this system of football was finally instituted in 1965 (Byers, 1995). In reflection of this institutional change in intercollegiate football, Byers noted that this “was corporate and bureaucratic America at work: a head coach, offensive and defensive coordinators, position coaches, special teams coaches, and plenty of recruiting coaches” (p. 99). This move began the escalation of the costs of intercollegiate athletics and further served to put private schools at a disadvantage against large public universities (Byers, 1995). As a result of these rising costs, it was becoming increasingly more apparent that schools would need to pursue other sources of revenue.

Increasingly, this source would become television (Byers, 1995). While television has been a mainstay in college athletics for decades, it reached a tipping point in the early 1980s (Byers, 1995; Goff & Ashwell, 2008). Prior to 1981, television deals were negotiated entirely by the NCAA; but in 1982, realizing the potential money that they

were missing out on, large universities formed a coalition and sued the NCAA for the rights to negotiate their own television contracts (Goff & Ashwell, 2008). This lawsuit eventually was heard by the Supreme Court. Citing anti-trust laws, the Supreme Court ruled in favor of the universities, which allowed the universities to negotiate their own television contracts (Byers, 1995; Goff & Ashwell, 2008). This Supreme Court ruling opened the floodgates for schools and conferences to begin individually negotiating their own television contracts.

Soon after universities began to negotiate their own television contracts, the Knight Commission, similar to the aforementioned Carnegie Foundation, was charged with once again examining intercollegiate athletics (Barr, 2008). After 10 years of reports, the Knight Commission observed that many of the same problems discovered by the Carnegie Foundation still existed in intercollegiate athletics (Barr, 2008; Byers, 1995; Knight Commission, 1991; Knight Commission, 2001). The reports of the Knight Commission suggested that the presidents of the universities take control of the athletic programs in order to address academic issues and reign in spending (Knight Commission, 2001; Barr, 2008). As a result of these reports, the NCAA began to pass numerous rules in order police the practices of their member institutions; however, it is debatable whether increased presidential control over the athletic programs and these new rules have truly improved the landscape of intercollegiate athletics (Barr, 2008).

The increased commercialization of intercollegiate athletics has become highly problematic for universities (Barr, 2008; Byers, 1995). In his autobiography entitled *Unsportsmanlike Conduct*, former Executive Director of the NCAA Walter Byers

highlighted the escalation of commercialization in intercollegiate athletics (see Byers, 1995). Byers suggested that university athletic departments were duplicating the business practices of large-scale corporations though they were operating under the umbrella of non-profit status. Conferences and universities were developing into market powers, competing for television rights for football and basketball games (Byers, 1995; Goff & Ashwell, 2008). This race to secure broadcasting rights led to the expansion of all of the major conferences further increasing the gaps between the those schools with higher budgets for athletics from those with lesser money to spend for athletic competition (Byers, 1995).

Eventually, as Byers outlines, the culmination of this came with the formation of the Bowl Championship Series (BCS) in 1992. The BCS was a partnership between the top six athletic conferences, three bowls (Orange, Rose, Fiesta), and network television. This effectively delineated the resources from the BCS conferences schools and the non-BCS schools. BCS schools began to see immediate payoffs from these partnerships that afforded them with the budgets to improve their facilities, raise coaches' salaries, and increase media exposure (Byers, 1995). To compete with the BCS schools, non-BCS schools to this day continually seek to find new ways in which increase their exposure and notoriety.

The goal at the start of this research was to examine three schools that have chosen different paths regarding intercollegiate athletics. Each of the schools explored in this dissertation chose a path that was different in direction but ultimately represented what campus administrators thought was the best direction for the institution.

Considering the embedded culture that has permeated intercollegiate athletics, stopping and reversing escalation of commitment is likely an arduous task (Beyer & Hannah, 2000). Many scholars have alluded to the idea that a mentality of “win at all costs” has become the moniker for many athletic programs (see Beyer & Hannah, 2000; Baxter & Lambert, 1990). Universities and athletic departments across the country have increasingly adopted the belief that winning requires increased financial commitment to athletics. Thus, many intercollegiate athletic programs may have found themselves thrust into a situation of escalation. With the limited financial resources of many universities, perhaps some of these institutions may simply be throwing good money after bad.

CHAPTER II

A CASE STUDY OF INSTITUTIONAL BRANDING AT S.M.U.

The decision on where to position a university's athletic department, either within the various NCAA Division classification (e. g. Division I, Division II, etc.) or regional athletic conference affiliations, is one that college administrators have faced for years. Because of the rising costs of operating an athletic department at the Division I level, this decision is exacerbated at small, private schools that choose to continue competition in this classification. As the potential stakes for participating in Division I athletics continue to grow, university administrators at these private institutions are faced with important decisions regarding the direction of their athletic programs (Roy, Graeff, & Harmon, 2008).

As is often the case at both public and private schools, if athletic department revenues do not match their expenses they are forced to borrow money from the university's central fund. This forces the university to divert dollars that could be spent on academic or other student-related endeavors to the athletic department. Since most institutions of higher learning define their mission as one of academic excellence, this redistribution of money to athletics is often at odds with a university's central mission. Beyer & Hannah (2000) argue that "academic and athletic programs have long been seen as in competition for resources on American college campuses" (p. 105). Indeed, in the case study described herein, Southern Methodist University's Centennial Strategic Plan 2006-2015 lists five main goals that the university should work towards in the coming

decade. Academic benchmarks comprise the first three goals, while athletics is briefly discussed in goal four.

From the athletic department perspective, the money spent on athletics benefits the university as a whole. Because of the increased media exposure on college athletics it is increasingly important that universities use their athletic programs to help define how the school is viewed by external and internal parties (Goff, 2000). The schools that have embraced this strategy have adopted a philosophy which uses the media to promote athletics as a front porch of the university (Roy, Graeff, & Harmon, 2008). In essence, they are using this opportunity to brand their institutions. Recent history shows that schools that choose not to make a financial investment in their athletic programs risk the stigma of branding the school as one that does not take athletics seriously (Roy, Graeff, & Harmon, 2008).

This case study will examine Southern Methodist University and the school's escalating spending on college athletics. Unlike other small, non-BCS, private universities (e.g., Tulane, Rice, and The University of Tulsa) that have chosen to compete at the Division I level without large cash investments, this study will demonstrate that SMU has chosen to take a different route in competing at the Division I level. As such, the criteria for selecting an institution consisted of finding a non-BCS school that not only participated at the Division I classification but that had increased expenditures greatly on both their athletic programs and facilities in a given time period. It was essential that the institution be a non-BCS school because those schools, unlike BCS members, have little hope of recouping their investment through television

revenues. The study will focus on the schools decision to embark upon a massive financial commitment to its athletic department. These financial commitments have mainly come in the form of what campus administrators call *soft costs* (the university covering the cost of scholarships) and *hard costs* (increased coach's salaries and the building new athletic facilities).

This paper will begin by providing readers with an overview of college athletics and its place in the university. It will then move into a discussion about both the literature involving escalation of commitment theory and institutional branding before outlining the problem statement, research questions and methodology. Next, a case study of SMU and its struggle regarding escalation within the athletic department will be presented. This will be followed by an exploration of the central themes gathered from the data and a thorough analysis of how the escalation theory ties into the data. After an analysis of the findings the paper will conclude by providing the reader with some ideas involving this theory and its application to intercollegiate athletics, particularly to small, private universities that continue Division I participation.

Athletics as a Marketing Platform

While professional sports tend to be national in scope almost all college athletic programs, with the exception of a handful of institutions, focus on a local or regional audience. However, with the advent of technology, college athletics is gradually moved away from its regional roots to a more national scope (Sperber, 2000). With this national platform the question of how a university positions its college athletic teams has taken on a greater importance. The term – positions - refers to the “part of a brand's identity

communicated to create an understanding in the target audience's mind of what the brand should mean to them" (Roy, Graeff, & Harmon, 2008; Aaker, 1996). In the context of this study, position refers to how people view the university through the image of the institutions athletic teams. As an example, the University of Texas at San Antonio has recently petitioned the NCAA to add a Football Championship Subdivision team to its athletic program. The Football Championship Subdivision operates one rung below the NCAA's highest classification, the Football Bowl Subdivision. This was done, in part, to better position the school as a national research university (Stephens, 2009).

Roy, Graeff, & Harmon (2008) state that college athletics are instrumental in shaping institutional image, the image of its students and graduates; and building bonds of community among supporters (Beyer & Hannah, 2000; Frey, 1985; Shulman & Bowen, 2001). This is especially true at Division I institutions where there is increased media exposure. Roy, Graeff, & Harmon (2008) continue by noting that even scholars who are skeptical that athletic programs can produce a positive financial impact on institutions, either directly or indirectly understand the value of athletics as a vehicle to brand the university (e.g., Frank, 2004; Sperber, 2000; Zimbalist, 1999). Given the increased importance that institutions place on student enrollment and fundraising how these universities market their services through their athletic departments have taken a greater importance (Roy, Graeff, & Harmon, 2008).

University administrators initiate branding campaigns to distinguish their schools from peer institutions and make them more attractive to constituents. Since athletics are often the most visible aspect of a university and also serve as a common dominator

among schools they are often a part of these branding initiatives. As an example of athletics role in generating publicity for a university Goff (2000) notes that in 1992, Northwestern University athletics accounted for almost 70% of the media coverage of the university while research and academic related articles accounted for less than 5%. However, this increase in marketability comes with an increased financial commitment. This financial commitment has caused university administrators to ask “if expenditures exceed revenues in most college athletic programs, why are universities investing so much more each year in these programs” (Frank, 2004)? Accordingly, university administrators at smaller, private schools that participate in Division I athletics are reevaluating the direction of their programs (e.g., Tulane report, 2003 Rice report, 2004).

Problem Statement

The amount of financial resources universities are devoting to athletics has never been greater (Fulks, 2009). Schools are under tremendous pressure to field competitive athletic teams. This pressure to increase athletic spending, and thus keep up with their peer institutions, comes from various stakeholders. Often, the stakeholders represent external constituencies of the university. This course of action has resulted in an escalation in spending among athletic departments (Fulks, 2009).

Often, this spending by athletic departments has led to deficits that have been augmented by university finances (Hearn, 2002). At SMU, one interviewee noted that the university has subsidized a portion of the athletic department budget for as long as he could remember. “If the full cost of athletic facilities – including construction and operation – were assessed fully to the athletic department, no athletic program in the

nation would be solvent” (Hearn, 2002 p.4). The athletic departments that did not cover their expenses received outside support from either university funds or sources directly associated with the university (alumni) to make up for the shortfall (Perko, 2009). This support is given in a number of ways.

Athletic Department Funding

The most common method of support for athletic departments that cannot cover their expenses comes from university funds (Perko, 2009). This comes in the form of the university taking money from its central operating budget and transferring that money to the athletic department. In effect, the university is providing a direct subsidy to the athletic department. This subsidy comes at a time when university’s finances are strained due to budget cuts. These budget cuts often affect the funding of academic programs (Waugh, 2009; Mattox, 2009). Another way an athletic department receives help via the university is through an increase in student fees (Thomas, 2009). This simply means increasing the amount of money that the students pay in addition to tuition. The increase in student fees dedicated to athletics is added to ever increasing student fees for various programs offered by the school. With tuition increasing at alarming rates, university administrators are leery of increasing the financial burden paid by students (Perko, 2009).

The primary functions of a university are the development of an informed citizenry and skilled workforce. Many people feel the excess money spent on athletics could be better spent on academic programs, research, student development, community outreach, etc. that are more related to the institution’s mission (Hearn, 2002). Most universities are

willing to field competitive Division I athletic programs as long as it is not a strain on university budgets (Duderstadt, 2003). When these athletic programs consistently need university funds to remain solvent it creates unwanted attention from internal university stakeholders. These internal stakeholders include faculty, administrators, and students who believe money given to athletics could be used for deferred maintenance, faculty raises, and student recruitment.

These internal stakeholders have recently spoken out regarding the escalating situation in college athletics. In a speech to the Association of Governing Bodies Wake Forest University President Thomas Hearn (2002) stated “the resulting spiral of escalating costs chasing escalating revenues leads to abuses of every sort (p.5).” This is a feeling held by many campus administrators (Hearn, 2002). Logically, one might expect behavior in escalation situations to follow a progress akin to conventional economic decision making (Ross & Staw, 1986 p. 274). People tend to keep doing things that work, and stop doing things that don’t work. Conventional wisdom states that “when an individual has a declining investment, a faulting career, or even a troubled marriage, there is often the difficult choice between putting greater effort into the present line of behavior versus seeking a new alternative (Staw & Ross, 1989).” This does not necessarily hold true in college athletics. Because of the increasing media coverage devoted to college athletics, universities often spend large amounts of money on their athletic programs with the intent of better branding their institution. This money is spent with little hope of ever recouping their investment. This case study will explore how one private university has dealt with an escalation situation involving athlet

Research Questions

The following questions were used to guide data collection and focus this paper on certain themes.

- 1) What are the factors that influenced SMU's decision to make long-term investments in its athletic program?
- 2) How does the notion of "institutional branding" influence the institution's decisions to invest in their athletics programs?
- 3) What role does the internal and external environment play in the institutions decision to continue investing in their athletic programs even after their current investments did not succeed in meeting university expectations?

Literature Review and Study Design

Escalation of Commitment is a theory developed by Barry Staw (1976) that primarily states that in many instances individuals (and organizations) can become locked into a costly course of action and are unwilling to change that course. Staw (1981) demonstrated that when individuals were personally responsible for a failing course of action, they often increased their investment instead of withdrawing and accepting a loss (Ross, 2003). The basic tenants of this theory are that "one would expect individuals to reverse decisions or to change behaviors which result in negative consequences (Staw, 1976 p.27)" and that rationale or self-justification plays an important role in the decision making process that led to the escalation (Staw, 1976). As management scholar Helga Drummund succinctly states "persistence in the face of a stream of losses is known as escalation (Drummond, 1996 p.1)."

In the seminal article about escalation of commitment Barry Staw (1976; 1981) gives two examples that will serve to put escalation of commitment theory in context. The first example deals with the Vietnam War as it relates to governmental policy making. Former Under Secretary of State George Ball describes his observations regarding some costly resources related decisions involving the United States involvement in Indochina:

Once large numbers of U. S. troops are committed to direct combat, they will begin to take heavy casualties in a war they are ill equipped to fight in a non-cooperative if not downright hostile countryside. Once we suffer large casualties, we will have started a well-nigh irreversible process. Our involvement will be so great that we cannot – without national humiliation – stop short of achieving our complete objectives. Of the two possibilities, I think humiliation would be more likely than the achievement of our objectives – even after we have paid terrible costs. (Memo from George Ball to President Lyndon Johnson, July, 1965; source: The Pentagon Papers, 1971).

The second example deals with an individual that invests money in the stock market. In this example, an individual is forced to confront a decision. Does this individual continue investing in a stock that is clearly going down or does the individual cut their losses:

An individual purchased a stock at \$50 a share, but the price has gone down to \$20. Still, convinced about the merit of the stock, he buys more shares at this lower price. Soon the price declines further and the individual is again faced with the decision to buy more, hold what he already has, or sell out entirely (Staw, 1981, p.577).

These examples, while taking into account that many factors influence any one decision (especially sending the military into war), illustrate that decision making can be influenced by the reluctance of individuals to admit past mistakes or the need to justify prior behavior (Staw, 1976). However, these examples also indicate that often

individuals (and organizations) can lose sight of the larger picture when making decisions.

Determinants of Escalation

Staw and Ross (1987) have characterized escalation as a four part process consisting of four determinants. Each of one of these determinates – project, psychological, social, and institutional – play a vital role within the escalation process. Staw and Ross (1987) continue by further defining each determinant. By breaking down the process, Staw and Ross (1987) demonstrate that it is possible for small individual factors to lead to an escalation scenario.

Project determinants. Under this rubric are objective aspects of a project, such as its closing costs, its salvage value, the cause of the setbacks to its completion, and the economic merits of pursuing or dropping it. This determinant involves assessing the economic prospects on many variables of a certain project decades into the future (Ross & Staw, 1993). Research by Northcraft & Neale (1986) has found that accurate financial information may be necessary for decision makers to withdraw from a losing course of action (Ross & Staw, 1993). Often times not being able to estimate the costs of a project makes it difficult for decision makers to withdraw.

Psychological determinants. This category includes “reinforcement traps” (Platt, 1973), such as difficulties in withdrawing from a previously rewarded activity; individual motivations, such as the need for self-justification; decision making errors, such as trying to recoup “sunk costs” (resources already invested in a project); and biases in information processing, such as tendencies to slant data in the direction of

preexisting beliefs. As Nisbett and Ross (1980) summarized, people have an almost uncanny ability to bias facts in the direction of previously accepted beliefs and preferences (Ross & Staw, 1993) Staw & Ross (1993) also note that people are much more likely to attribute negative outcomes to external than to internal causes.

Social determinants. Included here are interpersonal processes that may lead to excess commitment, such as the desires to justify losing projects to potentially hostile audiences (Fox & Staw, 1979), modeling others' behavior in similar circumstances (Brockner, Rubin, & Lang, 1981), and cultural norms favoring consistent, or strong leadership (Staw & Ross, 1980). In lay terms social determinants refers to the unwillingness to lose credibility in the face of unexpected losses. "Decision makers may persist in a course of action not only because they do not want to admit to themselves that they have made a mistake, but because they may also be especially hesitant to expose their errors to others (Ross & Staw, 1986)." By withdrawing their athletic programs from NCAA Division I status a university might lose credibility with their alumni, students, peer institutions, and certainly, the media.

Organizational determinants. Under this category come such variables as the level of public support for a project within an organization (Pfeffer, 1981), the level of economic and technical "side-bets", which are defined as additional investments incurred by the organization with respect to the project (hiring of staff, development of expertise) (March, 1978), and the extent of the project's institutionalization within the organization – how tied it is to the firm's values and objectives (Goodman, Bazerman, & Conlon, 1980). An example of a side-bet involving athletics might be how universities

currently use their athletic programs as a marketing vehicle for the school instead of the original intent which was to serve as student sponsored competitions.

Contextual determinants. While not a part of Ross and Staw's (1993) a priori model, contextual determinants play a key role in this case study. As typical in discussions regarding universities and outside influences, the forces that extend beyond the school's boundaries typically are explored. This is especially true when discussing athletic departments at Division I institutions. An athletic department has many stakeholders with varying degrees of influence. One could argue that the athletic department is a microcosm of the university. Both are organizations that have to operate among social, political, and media forces. This particular institution discussed in this study has wedded its athletic department with the larger external forces that shape Division I athletics in this country.

Utilizing Escalation of Commitment

Escalation of Commitment theory has been used primarily in both public policy literature to describe how governments become engaged in escalating situations as well as strategic management literature to describe certain business situations that effect for profit firms (Alison, 1971, Staw, 1976, Ross & Staw, 1986). The escalation concept has proved popular because it provides a grounded behavioral science explanation for an otherwise difficult to understand, commonly observable reality, individual and organizations often keep investing resources in failing endeavors (Ross, 2003), such as the behaviors associated with continuing and increasing investments by universities in under-achieving athletic programs. "Because it is often possible for persons (or

institutions) who have suffered a setback to recoup their losses through an even greater commitment of resources to the same course of action, a cycle of escalating commitment can be produced (Staw, 1981 p.577).” This study will attempt to mesh this theory into current situations in which many institutions of higher learning find themselves in regarding college athletics.

Variations of this theory abound in both academia and everyday life. Organizational behaviorists refer to this theory as job embeddedness (Mitchell, Holtom, Lee, Sablinski, & Erez, 2001). Scholars use the term job embeddedness to argue that individuals tend to remain in organizations because they feel connected to a social web. In social psychology literature much research has been written regarding the phenomena of “entrapment” (Brockner & Rubin, 1985). Allen Teger (1980) has published literature in conflict resolution that revolves around “to much invested to quit” rationale. This rationale simply states that the more time, money, and effort one puts into any endeavor the tougher it is to quit.

The behavioral economics literature discusses the effects of “sunk costs” (Knox & Inkster, 1969, Sutton, 1991). Sunk cost is defined as a past cost which has already been spent and thus can not be recovered. Everyday lay terminology refers to “throwing good money after bad” to describe a situation in which one continues down a path of escalation despite negative consequences. These theories attempt to address the question of when should one get out of a situation that clearly is no longer advantageous. Since escalation of commitment has been used as an organizationally based theory it is the most appropriate for this study. In this paper I will attempt to tie the theory of escalation

into what is happening in a small, private, school's athletic department. Central to the escalation theme will be the subject of institutional branding and its effects on increased spending.

Institutional Branding

How a university presents itself to the external environment is important. Increasingly, universities are making a concerted effort to focus on developing a brand identity (Roy, Graeff, & Harmon, 2008), which is defined as an organizations "unique set of associations that the brand strategist aspires to create or maintain (Aaker 1996. p.68)." These associations help the institution effectively convey a predesigned message to potential consumers. "Brand identity is composed of associations that the marketer attempts to convey through such means as brand name, logo, product attributes, and promotional activities (Roy, 1998)." Increasingly, a university's athletic programs are viewed as way for the school to effectively communicate their message.

Within higher education a brand identity is defined as "the essence of how you would like alumni, prospective students, legislators, and the public to perceive your institution" (Lawlor, 1998, p.19). "Universities have increasingly recognized that knowledgeable, prospective students are more likely to process their college choice based on the brand of the institution" (Judson, Gorchels, & Aurand 2006 p. 98). This brand identity helps the university better position itself in a crowded marketplace.

Brand positioning is defined as how potential buyers see the product (Ries & Trout, 1981) and how marketers create an image for a product. Roy, Graeff, and Harmon (2008) define brand positioning as the part of a brand's identity actively communicated

to create an understanding in the target audience's mind of what the brand should mean to them (Aaker, 1996). An example of effective brand positioning is the Disney Company. Though brand positioning, Disney has defined itself as a company that stands for wholesome family entertainment of the utmost quality. However, marketing scholars state that brand positioning is only successful if it is properly aligned with an overall brand mission of the institution. In the case of many universities across the nation the mission is to create an effective brand identity for the school. Judson, Gorchels, & Aurand (2006) continue by stating "many universities have taken intentional steps to alter the market position of their institution in order to attract targeted groups of prospective students" (p.98). For example, The University of Notre Dame has used the popularity of its football program (and the money it's generated) to brand the school as not only the top Catholic university in the country but also a top academic school.

College Athletics and Branding

Roy, Greaff, and Harmon (2008) note that college athletics has been credited as being instrumental in shaping institutional image, the image of its students and graduates, and building bonds of community among supporters (Beyer & Hannah, 2000; Frey, 1985; Shulman & Bowen, 2001). As higher education moves to a more market driven environment it is increasingly important that universities invest in initiatives that will promote their brand. "Even scholars who are skeptical whether athletic programs can produce a positive financial impact on institutions, either directly or indirectly (e.g., Frank, 2004; Sperber, 2000; Zimbalist, 1999), acknowledge the potential for athletics to generate exposure for an institution (Roy, Greaff, & Harmon, 2008)." An example of

this would be the University of Utah. In both the 2004 and 2008 seasons, the football program played in a BCS bowl game which generated an unprecedented amount of media coverage for the school.

In addition to using a football program to create awareness for an institution and shape its image, membership in NCAA Division I-A football can be incorporated into the brand positioning strategy for an institution (Roy, Graeff, & Harmon, 2008, p.16)” A positioning strategy is essential to communicating an institution’s identity to stakeholders (Roy, Graeff, and Harmon, 2008). Most institutions hope that by positioning their athletic teams – either changing NCAA classifications or conference membership – it will help better position the school to attract students and increase alumni giving. Using athletic programs to better brand the institution was one of the primary factors in thirty schools adding football in the last decade (Colon, 2009). One of the schools that recently added varsity football was the University of North Carolina - Charlotte. In announcing the University of North Carolina – Charlotte’s decision to add a varsity football program Chancellor Phillip DuBois stated “I do believe that football will enrich the student experience here, enliven school spirit, and serve as one more bond of engagement between the students and their university” (DuBois, 2008). Dr. DuBois’s statement reiterates what many campus leaders believe: That there is a link between institutional branding and college athletics. The prior sections of this paper have been used to explain the idea of escalation and the notion of branding. This study will help provide a clearer understanding of the link between institutional branding and escalation within an athletic department using a qualitative research methodology.

Method

This research, which involves examining intercollegiate athletics at this particular institution, draws from interviews with university administrators, athletic department personnel and faculty, as well as significant research in the university archives. Eleven interviews were conducted in a semi-structured format with key participants. Participants included current and former faculty members, athletic administrators, and campus leaders. These participants were chosen because of their knowledge of both the university and athletic department. Each interview averaged forty five minutes in length. By asking semi-structured questions, I was able to expand on my initial question and possibly answer more freely. This will allow the reader to capture the perspective of an informed participant.

During the initial phase of the study an email was sent to fourteen possible interview subjects. The subjects were chosen due to their knowledge of the situation at the particular institution being investigated. The e-mail detailed my background, research agenda, and requesting an interview at the subject's convenience. Of the initial fourteen requests, eleven subjects agreed to participate. Their interviews were conducted both on campus and via telephone using an audio recorder. In the initial correspondence all interviewees were made aware that the interviews would be recorded and transcribed. Only two interviewees in my data collection asked that their interviews not be recorded. In both cases, their requests were honored.

During all interviews detailed notes were taken regarding the subject matter. After each interview was conducted and the material was transcribed and studied, a follow up

phone call was initiated to the interviewee to further discuss the main points on the interview. This was undertaken to make sure that I understood the facts and represented the interviewee's insights appropriately. The questions used for the interviews, which can be found in Appendix A, provided me with a foundation to begin the research.

To address the issue of credibility we employ two techniques. The first involves "triangulation". Lincoln & Guba (1985) state that "triangulation involves the use of multiple and different methods, investigators, sources, and theories to obtain corroborating evidence." Triangulation also reduces the possibility of chance associations, as well as systematic biases prevailing due to specific method being utilized, thereby allowing greater confidence in any interpretations made (Fielding & Fielding, 1986). Triangulation techniques were employed for validity purposes (Stake, 1995). Specifically, both data and investigator triangulation techniques were employed. Data triangulation is defined as "the use of a variety of data sources in a study (Patton, 2002, p.247)." Investigator techniques involve "the use of several different researchers and evaluators (Patton, 2002, p. 247)."

The second technique that was employed to address credibility was "member checking". Member checking is a process through which respondents verify data and interpretations (Lincoln & Guba, 1985). Each interviewee received, via e-mail, a copy of their transcripts (or parts of the transcript that are usable) for their review. Any requested changes were made and the transcripts resent back to the participant. All data was verified through this process.

Trustworthiness

Trustworthiness is an important part of qualitative research. According to the literature in qualitative research, trustworthiness is defined as that quality of an investigation that “made it noteworthy to audiences” (Schwandt, 2001, p. 258). Denzin and Lincoln (1994) suggest that establishing trustworthiness depends on four components: credibility, transferability, dependability, and confirmability. In documenting these guidelines “Lincoln and Guba sought to establish criteria (and associated procedures) that were more appropriate than traditional epistemic criteria (e.g., internal and external validity) and procedures for judging the trustworthiness of naturalistic investigations (Schwandt, 1997, p.164).”

Secondary data included document analyses of board minutes, press releases, and newspaper clippings. Because of the visibility of the university and its athletic programs there was an abundance of articles in the popular press. Site visits to the university archives yielding numerous unpublished documents relevant to the subject matter.

Credibility. Credibility is an evaluation of whether or not the research findings represent a credible conceptual interpretation of the data drawn from the participant’s original data (Lincoln & Guba, 1985, p. 296). Credibility will be established by peer debriefing. Peer debriefing will be used by allowing fellow professors from my subject area (sport management and business) to view my field notes and help with my thought processes. The information obtained will be used to correlate a fit with the subject matter being investigated.

Transferability. Transferability refers to the degree to which findings of a particular study can apply or transfer beyond the bounds of the research. “It concerns the inquirer’s responsibility for providing readers with sufficient information on the case studied (Case A) such that readers could establish the degree of similarity between the case studied and the case to which findings may be transferred (Case B) (Schwandt, 1997, p.164).” In essence, transferability allows other researchers to apply the findings of this study to like-minded studies that they might conduct. While the findings in this paper are meant to transfer to other streams of research it should be acknowledged that all institutions and their athletic programs operate in different social, political, and economic settings.

Dependability and confirmability. Dependability is an assessment of the quality of the integrated processes of data collection, data analysis, and theory generation. In essence it refers to the stability of the findings over time. Confirmability is a measure of how well the inquiry’s findings are supported by the data collection (Lincoln & Guba, 1985). Lincoln and Denzin (1994) state that confirmability is the internal coherence of the data in relation to the findings, interpretations and recommendations. Both dependability and confirmability can be determined through the use of a properly managed audit (Lincoln & Guba, 1985). To establish dependability, the auditor will examine the process and to ensure that the process was applicable to the research being conducted and whether it was applied consistently (Lincoln & Guba, 1985).

Since Southern Methodist University and their football program are both well chronicled in the popular press there is no shortage of articles detailing the subject matter. In addition to interviews, I examined local and national newspaper articles and

popular books about the subject. Internal documents including board of trustees and faculty senate minutes also were examined. A visit to the Fondren Library at SMU was used to obtain additional material on the subject matter. Pertinent information, specifically minutes from Board of Regents meetings, were obtained in this manner.

Case Study Methodology

I employed a case study method to escalation with an athletic program. “The case study method allows investigators to retain the holistic and meaningful characteristics of real-life event – such as individual life cycles, organizational and managerial processes, neighborhood change, international relations, and the maturation of industries (Yin, 2003).” This method was chosen because it provides an avenue to both examine data and develop theory from that data. Yin continues by noting that cases studies “are the preferred strategy (of research) when “how” or “why” questions are being posed, when the investigator has little control over events, and when the focus is on contemporary phenomenon within some real-life context”. Indeed, the case study method helps the researcher and reader better understand complex social phenomena (Yin, 2003).

Staw and Ross (1986) suggest that case studies are necessary in the research of escalation for two reasons. First, previous research on escalation has become too detached from the field. Secondly, they suggest that addition research on this theory should search for broad patterns, or prototypes, of escalation (Lipshitz, 1995). The research contained in this study demonstrates that college athletics are a product of a complex network television system that is starved for content, university administrators

that struggle with the direction of their athletic departments, and a public which seems to have an insatiable appetite for college sports.

This case study was structured in a descriptive and explanatory context. Meaning I describe what is currently happening at SMU and their rationale behind undertaking this course of action. To examine escalation in a field based study, one needs to find a situation with the following characteristics: (1) an ongoing rather than one-shot decision; (2) feedback which is ambiguous or negative; (3) an opportunity to commit additional resources over time (Staw, 2005). Southern Methodist University fits all these criteria. This study will focus on a select university which has struggled in recent years to define athletics place within the university. The case study research method is the best way to view this subject matter and to develop theory from my findings.

Limitations

The case study presented here focuses on the subject of strategic management practices as they relate to intercollegiate athletics. It should be noted that as a private institution access to certain information was more limited than information regarding public institutions. Information for this paper includes both primary and secondary sources. The primary sources include interviews with personnel that were directly involved in the scenarios. Secondary sources included document analysis. Other sources include academic articles and books written on the subject of higher education, strategic management, organizational behavior, and intercollegiate athletics.

As this paper relies primarily on the interviews with the principal actors involved in the process it brings their bias to print. As always when one relies on people's memories

on events long past the risk of interview discrepancies is possible. To combat that, events that might come into question have been verified by multiple sources. While this paper focuses on a select university, we acknowledge that Division I college athletic departments operate in vastly different circumstances.

A Brief History of Football at SMU

The history of football at SMU, a private, religiously affiliated university located in Dallas, Texas, is rich in tradition. The school can boast an undisputed national championship team (1935), a shared national championship (1982), and countless All-Americans. The success of SMU was heightened by the fact that there were no professional sports teams in Dallas until the late 1960's. It was a historic era for football at SMU as the growing metropolis embraced the hometown team.

From 1980-1985, SMU had the winningest Division I football program in the nation. However, behind all the success a renegade culture that persisted within the football program would set the stage for the toughest sanctions ever administered by the NCAA. This era came to an end after the 1986 season when the NCAA investigated the school for the second time in five years, for paying players, and issued the strongest penalty ever received by a NCAA member institution. The penalty, brought on by illegal payments to players, called for the school to effectively shut down the football program for two years. After hiring a new school President, Kenneth Pye who had been the Dean of the law school at Duke University, the football program was reinstated during the 1989 season. Initially, because of the great football heritage of the school, there had been little conversation regarding reclassifying the athletics program to another division

within the NCAA. However, utilizing a low cost strategy typically employed by small, private schools that called for low salaried head football coach and minimal spending, the program managed just one winning season from 1989 through 2009.

A New Beginning

When Steve Orsini took over the athletic director's job at SMU on June 1, 2006, he was given a directive by the President and the Chairman of the Board of Trustees. They wanted him to lower the subsidies the school was providing athletics and put all SMU teams in a position to finish in the top 25 in their respective sports. They noted that the infamous "death penalty" was almost two decades behind them and they wanted to remake the athletic department into the "front porch" of the university.

In 2008, Orsini hired June Jones as head football coach for a reported \$2,000,000 a year salary. A record contract for a non-BCS school. Although Jones track record as a head football coach was impressive, not everyone on campus thought this was the direction SMU should be taking regarding university expenditures. One student wrote in *Hilltopics*, a SMU magazine "By hiring Jones to such an expensive contract, SMU has publicly announced its commitment to winning at football, but it has also simultaneously announced something much less glamorous: that 2 million dollars a year will not be spent bettering the education of its student or realizing its core mission, but on an extracurricular activity – a luxury, an appendix to the central experience. It demonstrates that SMU's core mission – education – is in jeopardy of being compromised by a plethora of competing interests." (Baty, 2008).

Using the University of Southern California as a model, campus administrators wanted to use athletics to boost the name recognition of the school. SMU administrators believed that the University of Southern California did a good job using its athletic department to promote the academic mission of the school. Like SMU, The University of Southern California also is a private research institution that participates in Division I athletics. Campus administrators at SMU feel that boosting the schools name recognition will help them meet their goals of attracting quality students and increasing the endowment. Parlaying the benefits of SMU as the only university in Dallas that competes in Division I athletics, they looked to use athletics to create visibility for the school. This visibility would eventually drive enrollment and increase alumni giving specifically the school's endowment. It was evident in discussions with senior campus administrators that they harbor dreams of one day being invited back into a major B.C.S. conference. Membership in the B.C.S. would put SMU in one of the six premier college athletic conferences and allow the school to benefit from significant media coverage and monetary rewards.

Findings and Analysis

Data collected revealed four main themes regarding escalating spending on athletics at Southern Methodist University. These four themes were 1) a priority on institutional branding, 2) the importance of campus atmosphere, 3) perceived alumni status in the community and 4) school location and identity. Within the institutional branding theme a sub-theme of student enrollment and increased endowment was also present. Under the

second theme – the importance of campus atmosphere – a subtheme centering on increased spending on athletic faculties emerged.

A Priority on Institutional Branding

SMU's institutional branding plan involved increasing school visibility and developing a better campus atmosphere. This, it is hoped, will increase student enrollment and endowment. Central to this plan was for the athletic department to be a "window to the university". This included having athletics participate in the NCAA Division I classification. Campus administrators at SMU believe fielding a Division I football program is a key component in how the school is viewed by outside constituencies.

One of the central themes gathered from interviewees is the desire to use athletics as a tool for branding the university. As college athletics continues down a more commercial path, higher education institutions and their athletic program are under increased media attention. This increase in media attention is often followed by an increase in monetary support for athletic programs. Indeed, one administrator noted "the problem with athletics at this institution is that it is the primary tool in selling the school." However, the problem that this administrator articulated is indeed the model that top campus administrators have adopted. The statement below from an athletic administrator describes the schools vision:

We have a three pronged approach regarding what we expect from athletics. We want athletics to help us build our institutional brand. If we have a strong brand that will help us attract students, something we are always mindful of, and we think it will help us grow our endowment long term.

The quote shows that the school has tied athletics and institutional branding with the long term goal of increasing the endowment and student enrollment.

Numerous interviewees stated that the money spent on athletics at SMU is being spent with the hopes of increasing the visibility of the school. Administrators believe this increase in visibility will help position the school in the minds of prospective students. Interviewees also stated that the increased visibility will help increase the school's enrollment.

Academically we're not Harvard, Vanderbilt or Rice; we have to make this school relevant to students and particularly their parents. Students fees (tuition) drive the finances here.

Student enrollment. Like most small, private universities student enrollment is important. This is especially true at SMU, where campus administrators for years have been trying to increase the number of applicants to the school. By increasing the number of applicants, through the use of institutional branding, the school can be more selective in who they admit. This increase in applications is thought to lead to higher caliber students.

It is important for us to keep up the number of applicants to the school. This allows us to be more selective in admitting students. We honestly feel football helps us in achieving the goal (of attracting students).

Campus administrators believe that intercollegiate athletics play an important role in both promoting the SMU brand to future students and serving as a entertainment vehicle for current students. Participants explained.

As a private institution, a sizable portion of our operating budget comes from student tuition. This reliance on tuition places an emphasis on student enrollment and retention. These kids pay a lot of money to come here.

The above quotes demonstrate a link between institutional branding and student enrollment. In SMU's model, campus administrators also draw a link between institutional branding, student enrollment and an increased endowment.

Increased endowment. Another area of emphasis among interviewees was the schools endowment. An endowment is defined as money that is donated to the school, usually with the stipulation that it be invested and only the interest from the money used for operational expenses. The total value of these investments is referred to as the institution's endowment. It is the financial benchmark for which educational institutions are measured. This is true at most universities, especially small, private institutions who cannot depend on state support.

One of the main focuses of this administration is increasing the schools endowment, as is the case at all universities. I don't know if there is any empirical data to back me up on this but yes, I think football helps.

School administrators also saw a link between institutional branding and increasing the schools endowment. What is interesting is not that they saw a link between branding and increased endowment, but that they assumed such a link despite no empirical evidence that would suggest one.

We believe there is a link between branding this institution and increasing the endowment. Central to our branding strategy is athletics, particularly football. In order to increase the endowment we have to make the school relevant to different constituents. Athletics helps us do that by allowing us to reach many of those constituents.

As a small, private institution school administrators have to constantly monitor the schools endowment. Administrators continually provided a link between how the outside world viewed SMU and the school's endowment. One campus administrator noted "we

need to publicize this university to the outside world as much as possible, athletics helps us meet that goal.” Again, this administrator makes an assumption that there is a link between publicizing the university and athletics.

Importance of Campus Atmosphere

Many interviewees detail a link between the building of a new on-campus stadium with an increase in campus atmosphere. One faculty member stated:

So much of our athletic history has happened off campus. At all the other schools I taught at prior to coming to SMU, athletics added something to the campus. When I got here (SMU) it was a shock to find out that the football team played its home games twenty miles away from campus.

Central to the plan was the building of the on campus Gerald Ford stadium. This stadium was built in 2000 at a cost of \$42 million dollars. A faculty member stated that “we had to invest in a new stadium. The old one was decaying and our rivals, particularly Texas and Texas A&M, did not want to play us at home.” One former administrator added:

You have to remember that all home games used to be played at the Cotton Bowl. Until the new stadium was built there was no on campus atmosphere. Now, we close off the street before each home game and it’s like a party atmosphere. We call it “The Boulevard at SMU.” It truly has made a difference in the perception of athletics at the school. The business and law schools can have their alumni out to game and show off their buildings and then walk over to the game.

The “Boulevard at SMU” is the schools way of creating an exciting place to be prior to the football games. Modeled after “The Grove” at the University of Mississippi, the Boulevard is SMU’s way of getting alumni to come back on campus and rekindle that college atmosphere.

SMU is marketing what they call “The Boulevard at SMU” to develop more of a campus atmosphere. This involves closing street off and creating a festival type of feel before and after the games.

Campus Atmosphere as a Contextual Determinant

One of the goals of the administration was to improve the campus atmosphere at the school. This is an interesting goal given that the school is a beautiful combination of red brick buildings and an abundance of green grass areas located in one of Dallas’s wealthiest suburbs. One of the centerpieces of SMU’s plan to improve campus atmosphere was Gerald J. Ford stadium. This stadium represents the schools biggest expenditure (excluding scholarships) since football’s reinstatement.

School administrators have explicitly tied the importance of campus atmosphere in with maintaining a Division I athletics program. Although the phrase campus atmosphere is vague in meaning it should be noted that many top research universities have an abundance of campus atmosphere despite not participating in Division I athletics. This is what Ross and Staw (1993) define as a contextual determinant. Contextual determinants are defined as issues “larger than the organization itself, involving forces beyond the organization’s boundaries (Ross & Staw, 1993, p.719).” Campus atmosphere is defined differently by many university stakeholders. Because of the vagueness of the phrase campus atmosphere, school administrators can continue to escalate spending without having any benchmarks of which to be judged.

Perceived Alumni Status within the Community

Alumni often view their school through the lens of athletics. More specifically, these interviewees continuously viewed their status in the community through their school and its athletic programs. As such, they are willing to spend money for season tickets and donate to the school's endowment. The research found that this was particularly true at SMU. Interviewees noted that this was the result of the importance of football in this region. One of the factors in continuing to participate in Division I athletics was the role of alumni. One top SMU administrator noted "Our alumni want and need athletics to be successful and we (SMU) need those alumni to give donations to the school."

Unlike corporate executives who specific shareholders (shareholders) to please, college administrators have many stakeholders with varying degrees of influence. In college athletics, one of these groups of influential stakeholders are alumni. Alumni often hold sway over athletic department decision making. It was evident in the interviews for this paper that alumni and more accurately the alumni's status within the community played an important role in the decision making process at the school. One alumnus stated:

When I was at SMU, our rivals were the University of Texas, Texas A&M University, Texas Tech and Baylor. I still associate SMU with those schools. When we (SMU) got left out of the Big 12 it hurt and my colleagues let me know it!

As is the case at most institutions of higher education, SMU's alumni constitute a major constituency within the school. Interviewees consistently expressed the opinion that SMU alumni and their status within the Dallas community as being intertwined. One interviewee stated:

You have to remember our alumni live in the neighborhoods directly across the street from campus. I'm exaggerating a bit, however we do have an inordinate amount of alumni nearby. Most residential universities don't have that.

This quote demonstrates that SMU's alumni play an active role in the direction of the school's athletic programs. In essence they want the school to commit the resources needed to participate in Division I athletics. SMU alumni want to view their school through the lens of the SWC, even though that conference disbanded in 1996.

School Location and Identity

Many interviewees stated that as a long time member of the Southwest Conference (SWC) SMU's institutional identity is forever tied to their former SWC rivals. Those former SWC schools that interviewees cited were the University of Texas, Texas A&M University and Texas Tech University. However, it should be noted that those institutions are large, state supported research schools with significantly more resources to devote to athletics (EADA, 210). By continuing to identify and compete with their former SWC rivals, SMU is entering into an escalation situation regarding athletic department expenditures.

When Gerald Turner took over the presidency of SMU in 1995 he implemented a strategic plan to increase the national reputation of the school and restore ties to the Dallas community. President Turner knew that the attitude of the city towards the school had to change if SMU was to fulfill its institutional mission.

Interviewees were consistent in stating that one of the reasons for continuing competing at the Division I level was that the schools identity was an acknowledgement that both national and local stakeholders viewed the school through the lens of athletics.

This theme had two meanings. The first dealt with the schools identity as the only research university in Dallas that participated in Division I athletics. Interviewees for this study repeatedly stated that if the school was going to reach its full potential it needed to take advantage of its location:

The best thing SMU has going for it is its location (Dallas) and the fact that it is the only Division I football playing school within the city. One of these days one of the main (BCS) conferences is going to expand, and when they do we (SMU) want to be able to offer that conference this city. It is essential that we sell our assets. And our biggest asset is our location and the fact that we are the only Division I athletic program in Dallas.

The interviewees also spoke about the importance that football plays in the state of Texas as a mechanism for promoting the schools identity. Interviewees for this study noted that the school clearly hopes to leverage its identity as the only university with a Division I athletics program in the city of Dallas into an invitation to a more prestigious conference. The best scenario is an invitation to a BCS conference. One athletic administrator noted that “every ten years or so conferences within Division I realign. When that happens we want to have a winning football program and a large fan base. Those factors, plus our location as the only Division I program in a huge city should put us into play (for a spot in a BCS conference).” Another added:

For us to be taken seriously as an institution they’re a large segment of this school that believes we need to play athletics, particularly football, at the highest levels.

The above statements show the link between school identity and the school’s athletic program. Perhaps, it would be better stated to say that it showed a perceived linkage between school identity and the school’s athletic program. Campus administrators interviewed noted their belief that SMU because of its location in the city of Dallas

would be attractive candidate to a BCS conference. One athletic administrator stated “the BCS conferences realign every decade or so. By making the investments in athletics that we are making and with our location in a large metropolitan it will help us position this institution for BCS membership.” However, one faculty member noted this regarding the logic of parlaying SMU’s location in Dallas to future BCS conference membership “we are spending an inordinate amount of money (on athletics) on the small chance the Southeastern Conference expands west or the Big Twelve Conference expands. Regarding the latter option, the Big Twelve would surely choose TCU over us given their recent football success.”

It would seem to some observers that SMU’s past problems with athletics would cause the school to examine the possibility of moving their athletics programs out of Division I to a lower less competitive classification. One faculty member stated “we had a perfect opportunity to leave Division I after the death penalty but the administration balked.” However another long time faculty member that has been on numerous athletic committees over the years stated “there was no thought put in to not playing at the Division I level after the death penalty. The football heritage at the school is simply too great”. However this same faculty member admitted that in the early 90’s the school was at a crossroads with football:

The school formed a committee to discuss athletics in the early 90’s. Obviously, football was not successful. We did look at the issue of moving to Division III, although I’m not sure it was ever a serious consideration. What league would we play in? The schools in Texas that play Division III are not research institutions and that is an important part of this school.

School Identity as a Social Determinant

The location of SMU, in the heart of one of college's football biggest areas, has been both the schools greatest strength and biggest obstacle. The wealthy alumni that live in the area that surrounds the school helped SMU to achieve the 51st largest endowment of any university in the country (NACUBO, 2009). However, social determinates within escalation research address an unwillingness to lose credibility in the face of unexpected losses. The research conducted for this paper noted that campus administrators appeared averse to exploring the possibility of leaving Division I athletics. When pressed for a reason, most interviewees noted the social pressures of being located in a state that puts an enormous emphasis on college football.

Regarding the schools location in a large metropolitan city, school administrators seem to be stating that because Dallas is such a large city the BCS conferences should consider extending an invitation to SMU. Using this logic, small towns like Waco, Texas, Pullman, Washington, and Auburn, Alabama should not be the location of BCS schools or that the University of Houston has a better chance of getting a BCS conference bid since they are located in the fourth largest city in the country. The school's strategy seems to be to leverage the schools location with an increase in spending on athletics to hopefully receive a BCS conference invitation. In previous escalation studies, Brockner et al. (1984) notes increased spending on projects often involves situations "where there is no objective or physical yardstick of comparisons do not exist" (p. 81). Moving an athletics department to BCS status is one of those situations.

As an invitation only organization, the BCS has no guidelines for entry. By falling prey to a belief that increased spending and school location will help increase membership chances, school administrators motivations have switched from making rational decisions to simply rationalizing their increasingly large expenditures on athletics (Brockner et al., 1984 p.79).

Ross and Staw (1986) note that as projects proceed the need for external justification grows as budgets are increased. When SMU started an intercollegiate athletic program the costs of maintaining the program was relatively small. Because of the growth in college athletics those costs have expanded. In addition, the public has established a link between the credibility of the universities and their athletics program. The university's credibility has been tied to maintaining a Division I athletic program.

School Location as a Contextual Determinant

SMU clearly thinks it has a competitive advantage in that it is the only research university that participates in Division athletics in Dallas. However, as a relatively small university, SMU graduates a much smaller number of students a year than larger state schools. As such, the school does not have the same level of fan support of many large state universities. Interviewees for this paper acknowledged that even during the years when the school fielded nationally ranked football teams they struggled to sell out their off campus stadium. The interviewees used this as an example of the schools lack of a major fan base.

SMU also has to contend with being a small private school located in state that has many large publically supported universities. Many of these public universities,

including the University of Texas, Texas A&M University, and Texas Tech, have far more alumni in the Dallas metropolitan area than SMU. This would seem to negate administrator's hopes of delivering the city of Dallas to a BCS conference.

This is an example of a contextual determinant. It is important to note that SMU is forever tied to the larger research institutions that play Division I football in the state of Texas. These external forces play a critical role in the culture and political arenas that SMU competes in. In SMU's case, the decision to continue participation in Division I athletics "became larger than the organization itself, involving forces beyond the organizations boundaries (Ross & Staw, 1993 p.719)." In essence, SMU has wedded itself to the decisions of other institutions. These institutions have far more resources in which to compete in Division I athletics.

Psychological Determinants

The stadium, named after an alumnus of the school who made a generous donation toward its construction, was built at a cost of \$42 million. "Having substandard facilities," argues Ford, "make it hard to recruit. If you can't recruit, you can't win. If you don't win, people don't come. If people don't come, the program loses more money (McGill, 1998)." Attached to the stadium is the Paul Lloyd All-Sports Center which was built in 2000 at a cost of 15 million dollars. While the football stadium was the biggest facility expense it certainly was not the only one. In 2007, SMU opened a 13 million dollar basketball practice facility. These expenditures on athletic facilities represent what organizational theorist call a "sunk cost". Sunk cost can be defined as cost that cannot be recovered once they are incurred (Arkes & Blumer, 1985).

At SMU, this is evident in comments regarding the stadium expenditures. “We’ve put too much money into our stadium to throw in the towel,” said Lance McIlhenny, the former president of the SMU Letterman’s Club (Buchanan, 2008).” In previous escalation research Staw (1993) notes that a psychological determinant in escalation is the need to base decision making on past expenditures. Escalation research has also found that decisions on continuing a course of action are best decided when parties involved examine the merits of the project moving forward rather than adding up the cost that has been previously invested (Staw & Ross, 1993).

Organizational Determinants

In escalation research, Ross and Staw’s (1993) found that external parties may come to the rescue of a declining organization via threatening to persevere in the losing course of action (Meyer & Zucker, 1989). Often, the external party that helps the university absorb the cost of athletics is alumni. As an example at SMU, the majority of the head coach June Jones’s \$2,000,000 a year salary is paid by a group of wealthy alumni. The previous coach, Phil Bennett’s entire salary of roughly \$500,000 was paid for using athletic department funds. Appeals to SMU alumni for cash infusions might change the short term economic fortunes of the athletic department, therefore making withdrawal unlikely, but will probably do little for the long term financial health of the athletic department. In essence, wealthy alumni are manipulating the economic merits of the argument by taking away short term losses which serves to mask long term problems.

Ross and Staw (1993) note that part of an ongoing escalation situation is the role of organizational determinates. An organizational determinant that played a key role in the

SMU case was the role of institutionalization. Although athletics was initially started at the school in the early 1900's as a recreational activity over time this purpose has evolved. In its present form SMU football has come to define how many external and internal stakeholders view the university. Because athletics at SMU has become part of the institutions fabric many of those interviewed stated that the school would continue to fund the programs at any costs.

The decision to continuing participation in Division I athletics involves far more investments than simply supplying scholarships to prospective student-athletes. The school must hire coaches, trainers, administrators, as well as game day staff. One of the main characteristics of organizational determinates are what Ross and Staw (1993) call "side-bets". These side-bets are defined as additional investments dependant on the continuing a certain course of action. These side-bets can be either implicit or explicit in nature. In the SMU study, the university has made a "side-bet" with alumni to continue playing Division I athletics as long as it's supplemented by these external stakeholders as well as university funds. Another example of a "side-bet" is tying athletic programs with the overall school identity.

Implications and Organizational Exit

While not part of the escalation of commitment framework, organizational exit is an important factor to consider because of the rising costs associated with operating a Division I athletics program. As college athletics moves toward a more commercial model, university administrators have to ask themselves tough questions regarding the direction of their athletic programs. "Much of organizational theory can be reduced to

two fundamental questions – how do we get organizations moving and how do we get them stopped once they are moving in a particular direction (Ross & Staw, 1993 p.701)?” How to stop intercollegiate athletics when it is moving down the wrong path is particularly challenging. Unlike corporate executives who have only firm shareholders to please, college administrators have many stakeholders with varying degrees of influence.

Administrators should be aware of two important factors when discussing the future direction of their athletic programs: 1) the purported link between increased enrollments and athletic success, and 2) the endowment myth.

The Purported Link Between Expenditures and Institutional Branding

The central theme of this research has been the link between excessive athletic department expenditures and institutional branding. Roy, Graeff, & Harmon (2008) state that Division I football has been cited as a positioning tool by administrators who wish to reshape the peer group with which their institutions are associated through participation in “big time” college football. While reshaping a university’s peer group with the help of college athletics is a worthy goal, problems arise when money is redistributed from university funds to accomplish this objective. Increasingly, this is the case in college athletics.

Athletics and Student Enrollment

One of the main goals of the administration at SMU is to consistently address student enrollment. Interviewees have stated that student tuition and fees helps drive the schools finances. A large student application pool also allows for better student selection.

A common misconception among university stakeholders is that success on the football field leads to increases in both the schools applications and enrollment. Football fans have even given a name to this theory, “the Flutie Factor”. Named after Doug Flutie, the famous Boston College quarterback who completed a last second touchdown pass in a game against the University of Miami in 1984, the play helped the school to a 12% increase in applications to the school in 1985 (Frank, 2004). Few would argue that a majority of students enjoy attending a football game on the SMU campus. Whether or not Division I athletics increase student enrollment is debatable.

Research is mixed on the correlation between successful football teams and student enrollment. A study by Toma and Cross (1996) as reported in Franks (2004) paper presented to the Knight Commission on Intercollegiate Athletics stated that football championships at the University of Miami (1987) and Georgia Tech (1990) were followed by 33% and 21% increases in applications respectively. Five other football championship seasons were followed by applications increases of between 10% and 20%, and the remaining championship seasons were followed by “only modest gains”.

These increases are expected given the enormous media attention focused on national championship football games. “Much less expected, however, is that Toma and Cross were unable to find any measurable impact of these increases in the quality of admitted or entering students” (Frank, 2004 p.19). The authors prefaced the gains by stating that a school’s national championship visibility may have “more impact on the search phase, and less on the choice phase, of student college choice (Frank, 2004).

These points deserved mentioning given SMU's goal of increased enrollment not merely applications.

Endowment Myth

It is a popular myth that there is a direct correlation between successful athletic teams and alumni giving. Robert Frank, in a 2004 paper commissioned by the Knight Commission on Intercollegiate Athletics, examined numerous studies to find out whether this theory holds true. "The findings reported in these studies are mixed, but the overall message is easily summarized. It is that if success in athletics does generate the indirect benefits in question, the effects are almost surely very small."

The above examples of increased enrollment and endowment, describe what Staw and Ross (1986) categorize as information processing errors. Information processing errors are defined as continuing to support a perseverance of beliefs despite evidence to the contrary. Campus administrators continually stated that one of the benefits of continuing Division I athletics was the correlation between athletics and alumni giving and increased endowment. However, data on the subject shows that if there is a correlation it is surely small (Frank, 2004).

Daniel Fulks, an accounting professor at Transylvania University, has examined NCAA finances and found that only 56% of the 119 Division I football participating universities showed a profit in 2006 (Gelb & Ramsey, 2008). Rational economical thinking should dictate that the schools that lose money move down in classification or eliminate the money losing sports. This thinking seldom enters the discussion at most universities. In the economics of college athletics, market forces and going out of

business simply do not apply. In SMU's case, the university has and will probably continue to subsidize athletics. Even those administrators interviewed for this paper admitted that even when the school's football team was successful it still was not profitable.

As Meyer and Zucker (1989) noted, it is sometimes possible for an entity to become a permanently failing organization, perhaps by absorbing resources from third parties or somehow generating enough revenue to offset continuing losses (Ross & Staw, 1993). In college athletics, particularly at small private Division I institutions, the school is often the third party that absorbs the losses. This has been an acceptable practice at most schools for years. However, the recent economic downturn has made administrators at least acknowledge that there might be a problem with continuously subsidizing athletics at the expense of other academic needs more aligned with the institutions mission.

With the recent conference reorganizations and the creation of the B.C.S. an unintended consequence has been the creation of a group of institutions that do not have the resources to compete yet battle constant isomorphic pressures to stay the course regarding their athletic pursuits. Like SMU, these institutions tend to be small, private schools. Over time these schools are going to have to evaluate the benefits of continued participation in Division I athletics.

There are numerous examples of high quality academic institutions that do not participate at the Division I level. All schools that comprise the Ivy League participate at the Division I-AA classification. Research institutions like the University of Chicago, Washington University and Carnegie Mellon participate at the Division III level. There

are also examples of academically prestigious schools that are not members of the BCS that continue to participate in Division I athletics on a strict budget. Tulane University, Rice University and the University of Tulsa serve as examples of this model.

As is the situation with any case study there are factors which make athletics at Southern Methodist University unique. One of those factors is that athletics, in particular football, has been associated with the university for years. However, this case study acknowledges that seldom does a major course of action, like continuing to participate in Division I athletics, come down to one major mistake in decision making, instead it is usually a process of assumptions developed over time. As such, schools need to be aware of the consequences of escalating spending on athletics programs. As Ross and Staw (1993. p.295) illustrate “once a project is structurally embedded it may be extremely difficult to reverse courses of action.”

CHAPTER III

A CASE STUDY OF BIRMINGHAM SOUTHERN COLLEGE

A common phrase in our vernacular - “If at first you don’t succeed, try, and try, again” – stresses the value of persistence in American culture. While there are certainly benefits associated with persistence, problems arise when organizations (or people) remain financially committed to a project despite overwhelming evidence that their action is counterproductive if not detrimental to the individual in a given organization. “Much of organizational theory can be reduced to two fundamental questions – how do we get organizations moving, and how do we get them stopped once they are moving in a particular direction (Ross & Staw, 1993)?” Stopping escalation behavior within organizations that have numerous stakeholders is particularly difficult. Birmingham Southern College (BSC), a small private liberal arts institution located in Birmingham, Alabama, faced such a decision with regard to their athletics program.

College athletic department budgets are increasing at an alarming rate (Fulk, 2009). This is especially true at the Division I classification (Fulk, 2009). Increasingly, when athletic department revenues cannot cover expenses institutional funds fill the gap. Institutional stakeholders believe that universities could spend financial resources devoted to athletics on programs that exemplify the college’s mission. The problem is exacerbated at small, private schools that often do not have the resources of large, public institutions. These private schools tend to remain committed to Division I athletics because of the visibility that it brings to the institution (Roy, Graeff & Harmon, 2008). When the institution lends money to the athletic department it leads to a situation where

they are investing scarce resources without any hopes of recouping their investments. In layman's terms, these schools are throwing good money after bad. Management scholars have a label for this phenomenon - called escalation of commitment – which occurs when institutions become entrapped in failing courses of action.

This paper will discuss Birmingham Southern College's decision to reclassify their Division I athletics program to non-scholarship Division III classification. This decision was made despite the fact that the school had only recently moved its athletics program to the NCAA's Division I classification from the National Association of Intercollegiate Athletics (NAIA). The study will focus on the internal and external factors that contributed to campus administrators' decision. This paper will begin by providing an overview of college athletic and then move into a discussion of the literature pertaining to escalation of commitment theory. Next, an outline of the problem statement, research questions and research methodology from which this study was grounded will be explored before presenting a case study of Birmingham Southern College and its struggle with escalation within the athletic department. The finding/analysis section will discuss the central themes derived from the data, followed by a thorough data analysis. Finally, the paper will conclude by providing the reader with a foundation from which to consider a framework, which is referred to as *de-escalation of commitment*, and its application to intercollegiate athletics.

Guiding Principles for De-escalation within College Athletics

The financial obligations of fielding a Division I athletics program have caused administrators at smaller, private colleges to ask “if expenditures exceed revenues in most college athletic programs, why are universities investing so much more each year in these programs” (Frank, 2004)? Recently, Vanderbilt University abolished its athletics department. While the school’s teams would still compete at the Division I level the previous responsibilities of the athletic department would be absorbed by the university. Campus leaders cited the need for student-athletes to feel better connected to the school and not just the athletic department as one of the main reasons for the move. It would also allow the university to discontinue the large salaries to athletic department personnel. A move that Vanderbilt’s president thought was a wasteful use of school resources, arguing that the same functions could be handled by personnel employed by the university. While the move was largely symbolic, few can argue that the school and its athletic programs have enjoyed resurgence.

Operating a Division I athletics department at a small, private school is expensive. Only a small percentage of schools that participate in Division I athletics earn a profit (Fulk, 2009). Schools that do not earn a profit are often subsidized by university funds. Often the schools that need university funds to operate their athletic department are small, private schools. Schools justify the money spent on athletics because of the visibility afforded a Division I program (Roy, Graeff & Harmon 2008). In these situations a college can find itself in a cycle of escalation. Researchers have a name for situations in which organizations increasingly devote financial resources to losing

courses of action and have developed a theoretical framework referred to as escalation of commitment to examine such actions.

Much of the research devoted to escalation of commitment theory focuses on situations involving the commitment of decision makers to losing courses of action (Simonson & Staw, 1992). In a case study on escalation behavior, Ross and Staw (1993) examined a firm that leveraged one company's future on a nuclear power plant that was never became operational despite many years and millions of dollars invested in this plan. The study showed that escalation situations are often the product of dynamic forces within the internal and external environment of the firm (Ross & Staw 1993). There is a paucity of research devoted to the study of organizations that reverse their course of action after realizing they are entrapped in an escalating situation. This is referred to as de-escalation of commitment (Drummond, 1996; Keil & Robey, 1999). Simonson and Staw (1992) stated "much of the research in this area has focused on the determinants of escalation, and little attention has yet been given to the procedures that might help people avoid the escalation trap (p.419)."

This article will examine a small, private liberal arts college's decision to leave NCAA Division I athletics and participate in NCAA non scholarship Division III athletics. Avoiding the escalation trap in college athletics is a subject that needs further investigation. There are two important reasons for studying Birmingham Southern's decision to exit Division I athletics for Division III classification. First, the school is one of a few to leave the NCAA's Division I classification for non scholarship Division III. This fact by itself makes it worthy of further examination. Second, the lessons and

strategies undertaken in this move need to be explored to see if they could be beneficial to other schools looking at breaking the cycle of escalation that many institutions are faced with regarding athletics. Accordingly, this study will attempt to answer the following questions, which helped data collection and analysis:

- 1) What were the project, social, organizational, psychological, and contextual determinants (tenants of Escalation Theory) that contributed to Birmingham Southern's decision to reclassify its athletics programs to Division III?
- 2) Which determinants were more influential in the decision to reclassify the athletics program? And why?
- 3) What role does the internal and external environment play in the institutions decision to discontinue investments in their Division I athletic program?

Theoretical Framework and Review of Literature

Escalation Theory

Escalation of Commitment theory states that “in many instances individuals (and organizations) can become locked into a costly course of action (Staw, 1981 p.577).” Staw (1981) continues by noting that “it is often possible for persons (or organizations) who have suffered a setback to recoup their losses through an even greater commitment of resources to the same course of actions” (p.577). In escalation situations involving college athletics, colleges often find themselves participating at a level that does not make economic sense for the school. Past literature involving escalating behavior has focused on what academic scholars have called determinants of escalation.

Determinants of Escalation

The main cause of escalation within organizations is the nature of the actual organizations themselves and not the individual people within those organizations (Staw & Ross, 1987). In academic literature, escalation has been characterized as “the interplay of four sets of forces over time (Ross & Staw, 1993 p.702).” These four parts – project, psychological, social, and institutional – play a critical role within escalation situations. These determinants were part of a framework initially advanced in Ross and Staw’s (1986) examination of British Columbia’s decision to host the world’s fair. I provide a definition of each determinant based on this work. A fifth determinant – contextual – was added in Ross and Staw’s (1993) work about Long Island Lighting Company’s decision to build the Shoreham Nuclear Power Plant.

Project determinants. Under this rubric are objective aspects of a project, such as its closing costs, its salvage value, the cause of the setbacks to its completion, and the economic merits of pursuing or dropping it. This determinant involves assessing the economic prospects of a given project decades into the future (Ross & Staw, 1993). As an example, research by Northcraft & Neale (1986) found that accurate financial information may be necessary for decision makers to withdraw from a losing course of action (Ross & Staw, 1993).

Psychological determinants. Ross and Staw (1993) note “this category includes 1) reinforcement traps (Platt, 1973), 2) individual motivations, 3) decision making errors, and 4) biases in information processing. Examples include, difficulties in withdrawing from a previously rewarded activity, the need for self-justification; trying to recoup

“sunk costs” (resources already invested in a project), and tendencies to view data in the direction of preexisting beliefs” (p.702). Ross and Staw (1993) note “those who have advanced to top leadership positions may be prone to reinforcement traps, situations in which people assume, because of their histories of success, that losing courses of action will improve (p. 716).” As Nisbett and Ross (1980) summarized, people have an almost uncanny ability to bias facts in the direction of previously accepted beliefs and preferences.

Social determinants. This category involves external justification. In lay terms, social determinants refer to the unwillingness to lose credibility in the face of unexpected losses. Regarding external justification, Ross and Staw state (1986) “decision makers may persist in a course of action not only because they do not want to admit to themselves that they have made a mistake, but because they may also be especially hesitant to expose their errors to others (p.277).” This is exacerbated by our culture which associates persistence with strong leadership. As an example, executives and other leaders are often judged on their willingness to persist in the face of opposition. As an example, Nelson Mandela served for 27 years in a South African prison before being released and winning his country’s presidency.

Organizational determinants. This category includes variables such as the level of public support for a project within an organization (Pfeffer, 1981), the level of economic and technical “side-bets” incurred by the organization with respect to the project (hiring of staff, development of expertise) (March,1978). Also included are the extent of the project’s institutionalization within the organization; in other words – how tied it is to

the firm's values and objectives (Goodman, Bazerman, & Conlon, 1980). In the case involving Long Island Lighting Company's decision to build the Shoreham Nuclear Power Plant, because the project had consumed \$5 billion dollars over a 23 year time period that it had become institutionalized within the parent company.

Contextual determinants. While not initially a part of the escalation a priori model, contextual determinants play a vital role in study of organizations with many stakeholders. (Ross and Staw, 1993). This is certainly true regarding the study of higher education and athletic departments. As an example, Ross and Staw's (1993) study of the Shoreham nuclear power plant noted "the decision to construct a nuclear power plant became larger than the organization itself, involving forces beyond the organization's boundaries (p.719)." Examples included relationships between state and national energy regulation agencies, the countries views toward energy, and the local and national political environment. Because athletic department reclassification involves numerous external stakeholders, contextual determinants will play an important role in this paper.

Escalation of Commitment theory has been used in academic literature to describe how organizations (and their decision makers) have a tendency to become locked into losing courses of action. The escalation concept has proved popular because it provides an explanation for an otherwise difficult to understand process such as the behaviors associated with increasing investments by universities in under-achieving athletic programs. Because persistence is often rewarded it is easy for institutions to become entangled in a cycle of escalation. Staw (1981) notes that "it is often possible for persons (or institutions) who have suffered a setback to recoup their losses through an even

greater commitment of resources to the same course of action, a cycle of escalating commitment can be produced (p.577).”

De-escalation Literature

There is a paucity of research involving de-escalation situations. Drummond explored the de-escalation of a law firm (1995) and hypothesized that de-escalation involves a relationship between power, commitment, and the probability of withdrawal. She (1995) stated that if escalation theory suggests persistence is a function of the decision makers feelings of potency then de-escalation reflected a sense of powerlessness.

Drummond noted that “withdrawal was most probable under conditions of low commitment and high perceived power (p. 278).” In lay terms, participants are most likely to withdraw from an escalating situation when there is little financial or personal investment and they have a high degree of influence within the organization. For example, “when a project is becoming questionable and the organization appoints a new chief executive to review the situation the combination of diminishing commitment and an empowering brief to effect change would seem highly conducive to withdrawal (Drummond 1995, p. 278).” A situation is more likely to escalate if there was a high degree of commitment and low perceived power. As an example, “when a project is newly commissioned and enthusiasm and commitment is high, challengers and doubters may be brushed aside or instructed not to interfere even though their concerns are valid and supported with evidence (Drummond, 1995 p. 278).”

Another study pertaining to de-escalation involved an information technology firm (Montealegre & Keil, 2000). The authors define de-escalation as a process of redirection as well as abandonment (Montealegre & Keil, 2000). Said differently, a project does not have to be abandoned for de-escalation to occur. In some cases participants can de-escalate a project by redirecting the project to a more successful outcome. “While redirection cannot guarantee that the project will be successful, it does signal a reduction of commitment in response to a failing course of action (Montealegre & Keil, 2000).”

The study, which explored the implementation of a state of the art baggage system at the newly constructed Denver International Airport, Montealegre & Keil (2000) broke de-escalation down to four phases. These four phases consisted of 1) problem recognition, 2) reexamination of a prior course of action, 3) search for alternative courses of action, and 4) implementing an exit strategy. Within each of these phases the authors recognized key triggering activities. In the problem recognition phase, the prominent triggering activities are recognizing negative feedback and responding to external pressures. The reexamination of prior course of action phase included triggering moments like clarifying and redefining the magnitude of the problem. The search for alternative courses of action phase consisted of identifying and legitimizing a new course of action along with managing impressions. In the final phase, implementing an exit strategy, the triggering activities consisted of appealing to stakeholders and de-institutionalizing the project.

The reclassification of athletics at Birmingham Southern College was undertaken due to both the increasing costs of operating a Division I athletic program and the desire

to associate the institution with like minded peer institutions. As the initial study that addresses de-escalation within the context of intercollegiate athletics this paper explored how a small, private, liberal arts college reclassified its athletic department.

Method

Many of the early empirical studies on escalation phenomenon were laboratory based. These studies limited the scope of escalation to testing individual level variables. Because of these limited studies, Ross and Staw (1986) noted that “processes such as institutionalization have been virtually ignored in the literature, even though they may underlie many organizational examples of escalation (p.278).” However, recent literature has focused on testing this theory through field based qualitative case studies (Ross & Staw 1986, 1993; Drummond 1995; Montealegre & Keil 2000). By providing a specific example this study will examine de-escalation in an organizational setting. This study will continue the trend of observing escalating and de-escalating scenarios from a qualitative inquiry perspective. The case study method has been chosen because it represents an opportunity to test this theory during a set period of time.

Case Study Methodology

The case study research method has been used as a research tool in a variety of academic disciplines. “Social scientists, in particular, have made wide use of this qualitative research method to examine contemporary real-life situations and provide the basis for the application of ideas and extension on methods (Soy, 1997).” The case study method is appropriate when examining a real life scenario during a certain period of time. Yin (1984, p. 23) notes “the case study research method as an empirical inquiry

that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used.” This method is appropriate when building theory, producing theory, disputing or challenging theory, explaining theory, or describing an object or phenomenon (Soy, 1997). Previous literature has noted a paucity of field based research on escalation and de-escalation situations. Academic researchers have observed that case studies help strengthen a subject that has become detached from the field and allow for the search of broad based patterns regarding escalation and de-escalation scenarios (Ross & Staw, 1986; Lipshitz, 1995). As such, the case study is an appropriate research method for de-escalation research.

Staw (2005) notes that there are three criteria a field based study needs to meet regarding escalation situations. The three criteria are (1) an ongoing rather than one-shot decision; (2) feedback which is ambiguous or negative; (3) an opportunity to commit additional resources over time. During the time period of research for this paper, Birmingham Southern fits all three criteria.

In the initial phase of the research an e-mail was sent to nine potential interview subjects. The subjects included college and athletic department administrators as well as current and former faculty members. The criteria used to select these interviewees included having an in depth knowledge about the decision making regarding this subject matter at both within the college and athletic department. The data gathered for this paper represents the experience, knowledge, expertise, and opinions of the interviewees during a specific period of time. As such, it brings their bias to print. To combat this I

developed a system where my primary sources of data involved interviews with personnel directly involved in the subject matter.

The e-mail detailed my request for an interview and thoroughly outlined my research agenda. Of the initial nine requests, eight subjects agreed to participate. The subjects interviewed consisted of faculty, campus administrators and athletic department personnel. Their interviews were conducted both on campus and via telephone. All interviews were recorded using an audio recorder. In the initial e-mail all interviewees were made aware that the interviews would be recorded. Each interview averaged between 30 – 45 minutes in length.

During and immediately following the interviews, detailed notes were taken regarding the subject matter. These interviews revealed valuable information about both escalation within an athletic department at this institution being studied and the general state of college athletics. After the interview was conducted and the material was transcribed and studied, a follow up phone call was initiated to the interviewee to further discuss the main points of the interview. This was conducted to make sure I understood and transcribed the interviewee's insights accurately. The questions used for the interviews are listed in Appendix A.

Data Collection, Analyzing, and Limitations

The primary source for data consisted of interviews with college administrators, athletic department administrators, and current and former faculty members. Interviews were selected as the primary source of data collection because they provided a detailed history of this time period at Birmingham Southern. Secondary sources included

document analysis. This document analysis was used to fill in any gaps in the information. Other sources, including academic articles about higher education, sport management, and organizational behavior were studied to provide background information regarding the subject matter. The secondary sources were used to obtain general background information about the subject matter.

The data gathered from the interviews was arranged in themes using emerging category designation. Emergent category designation requires five steps 1) read the first unit of data, 2) read the second unit of data, 3) proceed until all the units have been assigned to a category, 4) create category titles and/or descriptive sentences that make the category unique, and then 5) start over (Erlandson, 1993). The last step allowed me to constantly reassess the categories that had emerged and to possibly add new ones.

Data triangulation was employed to ensure credibility. Patton (2002) defines triangulation as “the use of a variety of data sources in a study (p.247).” Lincoln & Guba (1985) further note that triangulation “involves the use multiple and different methods, investigators, sources, and theories to obtain corroborating evidence.” In this study I employed both data and investigator triangulation techniques.

When examining a private educational institution there are going to be more limitations involving access to information than a study involving their public counterparts. Birmingham Southern was no exception. Although campus administrators and faculty were helpful in granting interviews and access there were some material that was not available.

Another restriction of qualitative research is applicability. For other institutions that might be contemplating a similar re-classification of their athletic department it would be beneficial to state that the purpose of this study was to examine how one small, private liberal arts institution handled such a move. It should be noted that all higher educational institutions that participate in intercollegiate athletics operate in vastly different political, social, and economic environments.

Trustworthiness

Trustworthiness is defined as that quality of an investigation that “made it noteworthy to audiences” (Schwandt, 2001 p. 258). Patton (2002) further defines it as “that quality of an investigation (and its findings) that made it noteworthy to audiences.” Glesne (1999) suggest that trustworthiness or research validity is an issue that needs to be addressed when designing research as well as collecting data. Schwandt (1997) developed four criteria of trustworthiness (p.164). Those criteria are: 1) Credibility addressed the issue of inquirer providing assurances of the fit between respondents’ views of their life ways and the inquirer’s reconstruction and representation of same, 2) Transferability dealt with the issue of generalization in terms of case-to-case transfer, 3) Dependability focused on the process of the inquiry and the inquirer’s responsibility for ensuring that the process was logical, traceable, and documented, 4) Confirmability was concerned with establishing the fact that the data and interpretations of an inquiry were not merely figments of the inquirer’s imagination. By adhering to this systematic approach I ensured the trustworthiness of the data. During the course of this research every effort was made to gather evidence from a multitude of perspectives. Interviews

consisted of persons that agreed and disagreed with the president's decision to reclassify athletics. This helped insure a diversity of opinion regarding what was a major decision regarding the direction of the school.

A History of Birmingham Southern

Birmingham Southern College is located in Birmingham, Alabama. The school is a result of a merger between two Alabama colleges, Southern College in Greensboro and Birmingham College in Birmingham. The two schools were consolidated in 1918 under the name of Birmingham Southern College. The campus is located on 192 acres about three miles west of downtown Birmingham and maintains a close relationship with the Methodist church. Birmingham Southern has consistently sought and garnered academic distinction among its peer institutions. In 1939, the school was designated a Phi Beta Kappa institution and is consistently ranked as one of the best liberal arts colleges in the country. The Phi Beta Kappa distinction is particularly important to the college as it represents excellence in liberal arts and sciences education.

The modern day success of the school can be tied to the leadership of Dr. Neal Berte. Dr. Berte was named the president of the college in 1976 amid growing concerns that the institution had lost its direction. In 2004, Berte retired as president of the college and was replaced by David Pollick. Located on the west side of Birmingham the school prospered when the city became home to a thriving steel industry located just blocks from the school. However, as the steel mills closed and industry shifted to other areas of the city wealthy civic leaders that had supported the school moved to the southern

suburbs. Dr. Berte is credited with repositioning the school on a mission that would best serve the college and the city.

A History of Athletics at Birmingham Southern College

Athletics has always played an important role at Birmingham Southern College. Following the consolidation of the two institutions in 1918, Birmingham Southern football team compiled a 87-80-16 record between 1918-39, winning Dixie Conference championships in 1932, 1934, and 1937. The football team enjoyed a perfect season in 1934, including a road victory over Auburn University (Cole & Wagon, 2007). However, at the end of the 1939 season the football program was disbanded, a victim of high cost and undue influence from external stakeholders. While football was no longer played on campus, other programs thrived at Birmingham Southern. A longtime member of the National Association of Intercollegiate Athletics (NAIA), Birmingham Southern enjoyed success in all sports, but primarily in basketball and baseball. The basketball team won the NAIA national championship in 1990 and 1995. The baseball team won the national championship in 2001. However, there was a feeling on campus that they had outgrown the NAIA and the school petitioned the NCAA for acceptance into the organizations Division I level, the highest level of competition in intercollegiate athletics.

It was clear in early 1999, the school had to make a decision regarding the direction of the athletics program. Most people within the school agreed that membership in the NAIA was no longer a viable option for the school. A campus administrator stated “It was clear we had to move away from the NAIA. We had simply outgrown it and our

president was not happy with some of the academic institutions that had been admitted to the division.” Campus administrators relished the idea of competing against schools that more represented their idea of where Birmingham Southern stood in the hierarchy of higher education. In May 1999, the Board of Trustees voted to move the school into Division I college athletics.

The school accepted an invitation to join the Big South Conference. This conference was comprised of both private and public medium sized schools located in the Carolinas and Virginia. One of the benefits of membership in the Big South Conference was that the winner of the conference basketball tournament received an invitation to the NCAA basketball tournament. School administrators liked the idea of the national exposure the school would receive if the school won the conference tournament. An idea that was likely, given the school’s rich basketball tradition.

Along with the increased exposure for the school, another reason for the move was the school’s growing endowment. In the late 90’s, fueled by the rise in the stock market, the endowment had grown to over 300 million dollars. The rise in the endowment allowed school administrators to take a look at options to increase visibility for the school from a branding perspective. Similar to other private universities, Birmingham Southern hoped to use this increase in visibility that Division I status would provide to boost student enrollment and donations.

Moving to Division I required a significant increase in the budget of the athletic department. In 2001, the first year in Division I, the athletic budget was 6.5 million dollars. The budget helped fund 116 scholarships. The capital improvements budget was

significantly increased to get the school in compliance with Division I standards. From 1999 – 2001 the school invested 3.5 million dollars into improvements of existing athletic facilities. However, these investments came at a time when the schools endowment was growing because of a strong economy. This would prove to not always be the case. Because of the growing financial concerns, the Birmingham Southern Board of Trustees voted in May, 2006 to transition the college's intercollegiate athletics program from NCAA Division I to non scholarship Division III (Cole & Wagnon, 2007). The school cited both financial concerns and a desire to associate Birmingham Southern with peer liberal arts institutions as reasons for the move.

Findings and Analysis

Data collected revealed five main themes regarding Birmingham Southern's move to non-scholarship Division III athletics from Division I competition: 1) unsubstantiated outcomes, 2) strained finances, 3) presidential leadership, and 4) perceived roles. This section will discuss the categories and the roles they played in the school's reclassifying athletics.

Unsubstantiated Outcomes Regarding the Benefits of Division I Athletics

On the one hand, interviewees stated that the reason for the move to Division I was influenced by pressure from a select group of donors. Administrators, on the other hand, asserted that increased exposure was the reason they used to justify the move. Interviewees noted that the increase in exposure would come from the school's qualifying to participating in the NCAA Division I basketball tournament. These

administrators hoped that the institution's increased exposure would help increase the school's endowment and boost student enrollment. One faculty member noted

We had outlived our usefulness in the NAIA, we needed to seek better competition. We thought we could combine the goal of competing at the NCAA Division I classification with a rebranding of the school. Ultimately, the first goal (increased exposure) was met but not the second (increase endowment and enrollment)."

It was the belief of campus administrators that these goals pertaining to increasing the endowment and student enrollment were not being met by the move to Division I.

When asked why the new administration at the school would change course regarding the branding of the school after participating in Division I for only four years, a school administrator stated:

The underlying reason was simply that we had four or five donors that thought bigger is better in regards to athletics. They were being disingenuous regarding the reasons for undertaking the move. The bottom line was we just could not afford to participate at the Division I level. It didn't work; there was no discernable increase in either donations or student enrollment.

President Pollick, whom replaced Dr. Berte in 2004, was quick to point out that enrollment actually increased when the school announced they would abandon Division I for Division III. While there is no data pointing out that the increase was due to the move to Division III, the school used some of the resources previously expended on athletics to recruit and fund academic scholarships. The incoming class in 2006, assembled before the move from Division I to III, included 326 students for a total undergraduate enrollment of 1,207. The year after the move was announced there were 506 new students and a projected enrollment of 1,318 (Powers, 2007).

Social and Organizational Determinants

In an article published by the Harvard Business Review entitled *Knowing When to Pull the Plug* (1987) Staw & Ross state that “one way to reduce the commitment to a losing course of action is to replace those associated with the original policy or project (p.5).” By removing the executives that were responsible for the initial course of action an organization is eliminating some of the sources of commitment (Staw & Ross, 1987 p.5). This was the case at Birmingham Southern, as current president and the chairman of the board of trustees were not in their positions when the decision was made to compete at the Division I level. Therefore, Pollick did not have to handle what scholars describe as “external justification” regarding escalation situations.

External justification is described as the need for decision makers to rationalize actions to other parties (Ross & Staw, 1993). In essence, when one person inherits a problem it is easier for that person to take action, because he/she does not have a vested interest in a particular direction of the project. As neither Dr. Pollick nor the primary leadership of the Board were involved in the original decision to reclassify the athletics program, they did not have a vested interest in adhering to what rapidly became a losing course of action for the college. As Drummond (1995) noted withdrawal was more likely in scenarios where there was low commitment and high perceived power. At the time of the decision to leave Division I Pollick was new to the school and thus had high perceived power and the school had only participated in Division I for a short period of time and thus had a low commitment. This coupled with an economic downturn which

negatively impact school finances allowed Pollick to not have to rationalize the decision to certain parties either outside or inside the college.

Another social determinant of commitment as described in the literature pertains to the desire not to lose face or credibility (Ross & Staw, 1986). Because of the relatively short period of time Birmingham Southern participated in Division I athletics this was not applicable. One of the main factors in reclassifying an athletics program is the embeddedness athletics has on individual college campus. In essence, due to their long history on campus these athletic programs become institutionalized. Previous escalation literature has shown a correspondence between institutionalization and de-escalation. Ross and Staw (1993) note that institutionalization is considered to be an organizational determinant. As Birmingham Southern had competed at the Division I level for a short period of time, institutionalization was not a factor. The school had simply not established itself as a full-fledged member of either the conference or Division I long enough to suffer any lasting effects of changing classifications.

One could argue, and indeed campus administrators did, that Birmingham Southern actually enhanced their academic reputation with the move by joining a Division III conference that was comprised of like minded institutions. As an example, almost all the schools that participate in the SCAC have Phi Beta Kappa chapters, which serves as a point of pride with the school's administrators, faculty and alumni. Montealegre & Keil (2000) note that "it is not unreasonable to conclude that reframing, or redefining, the problem could be a useful tactic for promoting de-escalation (p.434)." By highlighting

the academic merits of the decision to move to Division III and adding a football program, Pollick successfully reframed the decision.

Strained Finances

School administrators were careful to acknowledge the role of external stakeholders regarding the move to Division III athletics. One administrator stated “In order to get the board approval we had to frame the move to Division III from an economic argument not a philosophical one. In this part of the country a philosophical argument against Division I athletics is just not going to win.” The interviewee noted that the popularity of college sports, particularly football, in the South forced Birmingham Southern to define the argument in financial terms.

Pollick noted that the move to Division III would allow the school to discontinue subsidies to the athletic department. This in turn would help the school shore up their increasingly precarious position regarding finances. Pollick stated “when the decision to move to Division I was made in 1999, the school’s endowment was at record levels due to a strong stock market. That was not the case in 2004, and I could see little reason to spend 13% of our schools budget on 116 scholarships.” There was a belief among administrators interviewed that the Trustees in the previous administration had not been fully informed regarding the schools strained finances.

When trustees were presented with the proper financial information the decision to change classifications was easier. A top school administrator stated:

The board of trustees was not fully aware how bad school finances were. The credit rating agency Moody’s had downgraded our bonds. We were running a 6.5 million dollar deficit. Not all of it was athletics. But a significant portion was because we could not cover the costs of participating in Division I athletics. We

had two choices regarding covering the deficits. One, we could undertake emergency fundraising or two, take it out of the endowment. Neither of these options was pleasant.

By moving to Division III, the school was able to significantly decrease the money allotted to athletics. Previously, the school had to subsidize the athletic department for any budget shortfalls. While those losses were acceptable during the strong economy of the late 1990's, they became less so during the economic slowdown in the early 2000's. School administrators had stated that moving athletics from Division I to Division III would decrease the athletic budget from 6.5 million dollars to 3.5 million. This projection was more acceptable to the school president and the board of trustees. A campus administrator noted:

The economics of college athletics are simple. Very few schools make money. That being said, someone has to pay for the shortfall. The shortfall is almost always covered by the school's central fund. The current administration made a decision to stop covering the losses.

Another administrator stated:

The financial reality of us entering Division I never made economic sense. There was no long term solution regarding the question of how do we make Division I financially viable. A handful of donors agreed to basically provide the seed money for the initial move to Division I, but we did not ask for a long range financial commitment from them after that seed money was gone. When an athletic department is not self-sustaining, the fate of athletics is left to university leaders.

The consensus among those interviewed was that the school simply did not have the financial resources to compete in Division I and needed to reassess the direction of the athletic department. They also thought they had the president to implement those changes.

Dr. Pollick and the chairman of the Board of Trustees made what can be described as an economic conventional wisdom argument to the school's board of trustees. After reviewing the facts regarding the institution's and the athletic department's financial records it was clear that the school could not continue to devote financial resources to a Division I athletic program. The financial situation at the school "acted as the kind of shock which Staw and Ross (1987) have suggested may be necessary to galvanize decision makers into action (Drummond, 1995 p. 277)."

Since the school did not sponsor a football program at the Division I level and the basketball program only participated for a short time at this classification political support played a limited role in the decision of Birmingham Southern to reclassify. This does not mean to imply that everyone was happy with the decision to move to Division III, to the contrary. Some board members felt that the school had not participated at the Division I level long enough to properly judge the benefits of this level of competition. Included in this group were trustees that had donated significant dollars to the upgrade of athletic facilities at the school. These same trustees were not pleased that they had not been consulted on the move to Division III. Most of the trustees that were unhappy with the move eventually left the board.

Presidential Leadership

It is an old adage that the quickest way to kill an idea on a college campus is to form a committee to study the issue. Previous attempts to reclassify athletics at other institutions have failed when committees were formed. Birmingham Southern's administrators were determined to avoid the forming of a committee to study

reclassifying the athletic department. Pollick noted that there is always inertia against change on a college campus. During an interview with the author, Dr. Pollick stated:

Typically when administrators of nonprofit entities cannot deal with the specifics of a problem they attack the process. I worried that the forming of a committee would lead to issues being discussed that had little to do with the subject matter. That is just how higher education works. Often times we defer on the tough questions.

Pollick was determined to address the issue only with select members of the board or trustees. He stated: "I'm on my third college presidency. It's very clear in my mind what our institution stands for and what level our athletics program we should be participating in."

Dr. Pollick asked that the board reach a decision within 90 days to avoid the standard institutional course of action which is to form a committee to further study the issue of reclassifying an athletics department. One campus administrator stated:

This is especially true when dealing with big time college athletics where the media has strong influence. On a college campus the quickest way to not do something is to form a committee. When a committee is formed your opposition has time to build a case.

Pollick explained that one of the major reasons why the school was able to successfully move from Division I was because the decision making process involved a relatively small group of individuals. Pollick stated "I took my initial findings to the Chair of the Board of Trustees, after he reviewed my concerns he polled a small group of Trustees and the decision was made to proceed." Campus administrators interviewed discussed the recent reclassifying attempts at Centenary College, Rice University and Tulane University. Only Centenary was successful in reclassifying their athletic program to Division III status. In the case of Rice and Tulane, attempts ended when the schools

formed committees to study the issue. One interviewee noted “this gave time for the Division I supporters to marshal resources, mainly through the media, to stop the reclassifying efforts.”

To win faculty support it was essential that the school align itself with institutions with similar missions. This was not easy considering the lack of Division III conferences in the South. Dr. Pollick stated “through some back channels we called various Division III conferences to see if there would be interest in having Birmingham Southern College as a member of that particular conference.” One campus administrator noted “the key to the whole move was finding a conference that fit both our schools mission and was also geographically suitable for our student-athletes.” This administrator credited Pollick with understanding the political aspect of reclassification. The key to gaining admission in a good Division III conference was football.

With the money saved from the move to Division III the school was able to reinstate the football program. Part of the reinstatement of the sport was due to the desire to join the Southern Collegiate Athletic Conference. The addition of football was considered important regarding admittance to the SCAC, where the majority of member schools sponsor the sport. One interviewee stated that “adding football was a good move for the school. It plays an important role on college campus’ in the South and I believe helped us get into a good Division III conference.”

The general feeling among school administrators was that the addition of football would help ease political forces that might oppose reclassification. One faculty member interviewed stated “I always thought that adding football was a smart way for the

administration to placate students and alumni regarding the move to Division III, it also helps that at the non-scholarship Division III classification all student athletes including football players are paying to attend your college.” Another faculty member noted “the key arguments against the move were that we had just invested millions in new athletic facilities to get up to Division I standards and he (Pollick) just doesn’t like sports. With the addition of football and a plan to use the new facilities for Division II athletics he countered those arguments.”

Another main factor in escalation situations is the role of reinforcement traps. “As Platt (1973) and March (1978) argued, those who have advanced to top leadership positions may be prone to reinforcement traps, situations in which people assume, because of their histories of success, that losing courses of action will turn around (Ross & Staw, 1993 p.716).” School administrators at Birmingham Southern were guilty of these traps as well. As an example, these administrators allowed a small group of donors to effectively decide the direction of the school’s athletic programs. These donors had previously been quite successful in making decisions (along with the president) that allowed the school to become a nationally ranked liberal arts college. Research shows that people often bias facts toward an outcome they prefer (Nisbett & Ross, 1980). In the case of Birmingham Southern there were clearly mistakes in the information processing involving moving from NAIA to NCAA Division I classification. Recall the situation in which the Board of Trustees was led to believe that the move to Division I would lead to increases in student enrollment and endowment funds. In essence, school administrators

allowed themselves to believe what they wanted to believe regarding the benefits of Division I membership.

The decision to move from NAIA to NCAA Division I came at the end of the most prosperous era (financially and academically) in school history. The school's administrators had a prolonged and steady tenure at the school which made them susceptible to reinforcement traps. In other words this finding is in line with Ross and Staw, (1993) in which they state, "With such a personal reinforcement history, it may have been difficult for him to conceive of a course of action not eventually being successful (p.716)." In retrospect, the school was guilty of an overstatement of the benefits of a move to Division I. Put simply, school administrators wanted the move to work out so they chose to look at the facts that would reinforce that outcome. When the benefits of Division I did not materialize school administrators were forced to either continue funding athletic programs at a classification the school could not afford or admit a decision making error and reclassify athletics to the non scholarship Division III level.

Escalation literature has found that many firms retained unprofitable business units with steadily mounting losses for years without divesting them (Shimizu & Hitt, 2005). As an example, Certo, Connelly, & Tihanyi (2008) note that "in several cases the arrival of outside executives, who were not involved in the initial acquisition decision, was needed to hasten divestiture of the failing division (p. 11)." This was certainly true in Birmingham Southern's case where the arrival of a new school president – Dr. Pollick – started the discussion about the move to Division III. As a former college president at

two small schools, Dr. Pollick brought a working knowledge of higher education and athletics at the Division III level. As an outsider to the university he was not tied to the course of action (the move to Division I) that was decided prior to his arrival.

Recently, Rice University and Tulane University studied the feasibility of reclassifying their athletic departments. These attempts ended when both institutions decided to remain in the Division I classification (Rice Report 2004, Tulane Report 2003). Campus administrators at Birmingham Southern acknowledged how the situation at both Rice and Tulane played a part in shaping their decision making process. It was their belief that the forming of committees played a significant role in both schools remaining at the Division I level. Dr. Pollick was determined not to let that happen at Birmingham Southern and was unequivocal in stating the most important factor in making the decision to reclassify the athletics program was the fact that the initial decision making process was simply him and select board members. This decision making process eliminated any organizational inertia that might have existed had the decision required committee approval. In de-escalation scenarios the perception of power is often a persuasive strategy. Previous de-escalation literature has noted that “withdrawal is most probable under conditions of low commitment and high perceived power to enact withdrawal (Drummond 1995, p.278).” Because of the brief time period the school was a member of Division I the faculty and campus administrators had a low commitment to the classification. Dr. Pollick used his authority to better align athletics to the central mission of a liberal arts institution.

Perceived Role of a Small Liberal Arts Institution

“One of the things we considered in the decision (to reclassify to Division III) was which athletics division is indeed the right fit for an institution of our size, of our academic mission and quality, and of our financial resources,” then BSC Board of Trustees Chair James T Stephens said at the time. “Division III is compatible with the college’s mission and profile (Cole & Wagnon, 2007).” It was apparent from the interviews that while the economics of Division I was given as the central reason for the move, the current administration had differing views regarding the mission of a liberal arts college from the previous administration.

As previously mentioned, to win faculty support it was essential that the school align itself with institutions with similar missions. This was not easy considering the lack of Division III conferences in the South. Dr. Pollick stated “through some back channels we called various Division III conferences to see if there would be interest in having Birmingham Southern College as a member of that particular conference.” One campus administrator noted “the key to the whole move was finding a conference that fit both our schools mission and was also geographically suitable for our student-athletes.”

Once firmly committed to Division III athletics, Birmingham Southern found a home in the Southern Collegiate Athletic Conference. The SCAC is comprised of private colleges of high academic distinction located mostly in the Southern part of the country. Members include Rhodes College, Centre College, DePauw College and Trinity College. Almost all the member schools have Phi Beta Kappa chapters. One faculty member stated “having a Phi Beta Kappa chapter on this campus is incredibly important to this

school and the accreditation process.” In Pollick’s opinion this classification and this conference would better position the college, both athletically and academically, for the future.

Project determinants often include closing cost, sunk cost, and the economic merits of pursuing or dropping the course of action (Ross & Staw, 1993). Previous literature regarding escalation has noted that the financial and economic structure of a project can determine whether an organization will persist or withdraw from a situation (Ross & Staw, 1986).

Evaluating Birmingham Southern’s decision to abandon Division I on these merits we can begin to understand the school’s decision from a de-escalation perspective. The closing cost for the decision to leave Division I for Division III consisted of the school agreeing to honor all scholarships to student-athletes for four years. The school felt that this was only fair as these student athletes signed a scholarship with Birmingham Southern thinking that they would participate in Division I athletics. This cost was made easier by the decision of most student-athletes in all sports to transfer to other Division I schools. The school also agreed to honor all coaches’ contracts. These costs are what academic scholars would call a one-time write-off and went a long way towards ameliorating the financial strain on the school.

In college athletics most sunk cost reside in facilities. Sunk costs are defined as cost that cannot be recovered once they are incurred (Arkes & Blumer, 1985). Ross and Staw (1993) note that sunk costs suggest that investing money in physical structures usually indicates a willingness to invest additional funds. This was not the case at Birmingham

Southern where facilities proved to be an asset. Because of the move to Division I the school had invested 3.5 million dollars in capital cost to upgrade their facilities. The capital investments would have been a larger issue had the school dropped athletics altogether; thus, the facilities would be obsolete. Previous de-escalation literature notes that project redirection is a form of de-escalation. Montealegre & Keil (2000) state “while redirection cannot guarantee that the project will be successful, it does signal a reduction in commitment in response to a failing course of action (p.418).” The move away from Division I, allowed the school to simply redirect resources, in this case facilities, for Division III use.

When discussing the role played by project determinants scholars note the importance of reliable financial information in stopping an escalating situation. Interviewees were unequivocally stated that the Board of Trustees were not given the necessary facts regarding either the full costs of operating a Division I program or the financial health of the school. “Northcraft and Neale (1986) showed, clear and salient financial information may be necessary for decision makers to withdraw from a losing course of action (Ross & Staw, 1993 p.715).” Once the board was given the correct information the decision was made to reclassify.

Organizational Exit

A Strategic Plan for Reclassification

How does a college president address and act upon the sensitive question regarding athletic department reclassification? For incoming Birmingham Southern President David Pollick it started with a simple question: Why is the school spending 13% of the

schools operating budget on less than 200 students? Although one could argue that Birmingham Southern students enjoyed the increased exposure afforded the school because of participating in Division I, Dr. Pollick believed the high percentage of the schools budget devoted to subsidizing athletics could be better spent on academic scholarships. Devoting financial resources to academic scholarships would serve to better fulfill the school's mission.

Pollick believed the money could be better spent on recruiting and awarding academic scholarships to qualified students. By devoting more money to academic scholarships the school and its student would all benefit. However, Pollick was not naïve to the need for a strategic plan regarding what was sure to be a controversial plan. The strategic plan revolved around faculty support, media, and the addition of football.

In the case of Birmingham Southern, the administration recognized that because of its Division I classification the media was going to become a stakeholder. Freeman (1984) states "a stakeholder in an organization (by definition) any group or individual who can affect or is affected by the achievement of the organization's objectives (p.46)." As is often the case in college athletics, Birmingham Southern's decision to reclassify an athletic program to Division I status became a major story. The subsequent decision to abandon Division I athletics for non scholarship Division III became an even bigger story in the national, regional, and local news.

In the national press, legendary sports writer Frank Deford (2007) praised Dr. Pollick for standing up for academics at a time when schools were putting unprecedented financial resources into their athletic programs (Fulks, 2009). Deford, who once

commented that Alabama was “the holy epicenter of college sport” admired Pollick’s stance on such a tough decision. The local press took a different tone and the president was vilified as a carpet bagging academic that cared little for athletics. Pollick would later state that not one local sports writer called him to ask him his reasons for the move. He added that the first reporter to call was from the business section of the *Birmingham News*.

As Division I athletics continue to move further towards a delineation between the haves and the have nots the decision regarding which NCAA athletic classification institutions ought to participate in continues to grow. The classification that schools choose is heightened by higher education’s precarious funding in tough economic times. The main strategy Birmingham Southern administrators used in de-escalating its athletic program was based on an economic argument. In part because of the economic downturn, the school simply could not continue to subsidize Division I athletics.

When debating the merits of the various classifications offered by either the NCAA or NAIA it is imperative for campus administrators to take a look at the viability of financial success. If athletics are not going to be financially feasible, campus administrators need to understand that the difference between what an athletic department costs to operate and what revenues that department generates is more often than not going to be augmented by the institutions central funds. However, using the university’s central funds to cover athletic expenses when academic programs are being cut is a difficult argument to make.

CHAPTER IV

A CASE STUDY OF THE UNIVERSITY OF CHICAGO

The decision on where to position a university's athletic department, either within the National Collegiate Athletic Association (NCAA) or conference affiliation, is one that college administrators have faced for years. This decision is particularly difficult for academically prestigious and highly selective institutions. Many schools rationalize the escalation in expenditures on athletics because their athletic programs act as a "window to the university". This is not necessarily the case at highly selective universities. Often these universities, such as Harvard, MIT, Yale and Stanford have formidable academic reputations that serve to promote the school.

While there is a significant amount of literature on escalation and its effect on organizations there has been a paucity of research conducted on organizations that utilize de-escalation strategies. This paper will examine the tensions between shifting academic visions and athletics that ultimately led to the decision by the University of Chicago and its former president, Robert Hutchins to discontinue its highly successful football program in an effort to explicitly focus the institution's mission on what he considered to be its core function. This decision came at a time when intercollegiate football was growing as a spectator sport and the University of Chicago was a member of one of the most prestigious athletic conferences, the Big Ten which is comprised of large Midwestern research universities. This was the modern day equivalent of Stanford University dropping out of the Pac 10 conference a move that would be unheard of and impossible today. As one of a select few schools that abandoned football while being a

member of a major athletic conference the University of Chicago is a unique situation that warrants examination.

Unlike many small, private institutions that still compete in Division I athletics, such as Stanford, Rice and Vanderbilt, the University of Chicago chose to take a different route regarding its football program. The study will focus on the internal and external factors that played a key role in the University of Chicago's decision and will illustrate how a highly selective school was able to maintain academic excellence, without using the visibility of football to accomplish this goal. While most large research focused institutions continue to rely on successful athletic programs for visibility and "prestige", the University of Chicago, under the leadership of President Hutchins, made a conscious decision to focus solely on improving its academic reputation at the expenses of its football program. The institution's decision maintained its intellectual prestige; yet, questions remain about whether the decision was necessary to keep its reputation intact.

Despite its abolishment of football in 1939 and the reclassification of all its intercollegiate athletic programs to non scholarship status a decade later, the University of Chicago currently ranks among the countries elite institutions. U. S. News and World Report magazine currently ranks the schools undergraduate, business school, law school, statistics and mathematics departments among the top ten programs in the country. Additionally, the schools physics, chemistry and medical school rank in the top fifteen among all programs in the country (U.S. News and World Report, 2010). Although the University of Chicago was a founding member of the Big Ten conference the school's academic programs consistently rank higher than any current member of the conference.

This article will demonstrate how one university abandoned intercollegiate football, and all the supposed gains that come from it, and maintained its status as an academically prestigious institution that does not rely on college athletics to promote its reputation for scholarly excellence. The implications of this research will show that it is possible for schools to abandon Division I football and still maintain high academic standards. Nevertheless, the extent to which such a drastic move would be necessary is unclear.

This study will begin by providing a historical overview of college athletics in the early 1900's and its place within a highly selective university. After offering the problem statement and research questions, a discussion about both the literature involving escalation and de-escalation theory will be explored. Escalation of Commitment theory states that organizations that continue to invest resources in a course of action despite negative consequences are involved in escalating behavior (Staw, 1976). Following this, a discussion about the methodology used in this paper and a presentation of a case study of the University of Chicago and its decision to abandon Division I football will be examined. Next, some historical themes gathered from the data will be compared against a framework that has been used in previous de-escalation studies. Finally, this paper will conclude by providing the reader with some ideas involving this theory and its application to intercollegiate athletics, particularly to small, private universities.

Intercollegiate Athletics as a Growth Industry

The early 1900's were a major growth era for college football (Cohen, 1998). Prior to this, athletics had been a student controlled activity. "In the new environment, institutional control came to replace student control (Flowers 2007 p.128)." As an

example, Flowers notes that “college presidents came to accept athletics as an integral part of the college, something which created in the public mind a viable institution – a real university (Flowers 2007 p.129).” In this era, athletics was used by universities to “join the alumni to the institution, sustaining their loyalty and, not incidentally, their donations (Cohen 1998 p.122).”

It was also during this era that many schools began partnering with peer institutions to form alliances. These alliances would eventually become athletic conferences. The conferences were important to schools who were trying to associate their institutions with like minded institutions. The initial president of the University of Chicago, William Rainey Harper, was one of the first academic leaders to view school’s athletic teams as a way to garner publicity for the institution. Harper wanted to build a world class university in all academics areas and promote them via athletics.

This attitude changed when Robert Maynard Hutchins became the president of the school in 1929. Hutchins was not pleased with the way football was conducted at the national level and more specifically at the University of Chicago. As an example, Hutchins believed that recruiting students that were unprepared to handle rigorous academic coursework was hurting the undergraduate reputation of the university. An educational puritan at heart Hutchins believed that as long as the school had a first rate academic program it would have no problem attracting both students and faculty. Harper’s argument that a university needed athletics to serve as a public relations mechanism for the school was not shared by President Hutchins.

By joining primarily with large state universities that placed a strong emphasis on research the University of Chicago hoped to increase the visibility of the school. This paper will examine the internal and external struggles that the administration encountered during the time period that the University of Chicago made the decision to abandon intercollegiate football. The following questions were used to guide data collection and focus this paper on certain themes.

- 1) What are the factors that influenced the University of Chicago's decision to discontinue long-term investments in its football program?
- 2) What role does the internal and external environment play in the institution's decision to discontinue investing in their football program?
- 3) What are the historical implications of a major research university abandoning Division I scholarship football.

Review of Literature

Escalation of Commitment is a theory - developed by Barry Staw (1976) - that primarily states that in many instances individuals (and organizations) can become locked into a costly course of action (Staw, 1981). Staw (1976) demonstrated that when individuals were personally responsible for a failing course of action, they often increased their investment instead of withdrawing and accepting a loss. Rational behavior suggests that "one would expect individuals to reverse decisions or to change behaviors which result in negative consequences (Staw, 1976 p.27)." Escalation of commitment theory shows that this is not always true. Or as management scholar Helga

Drummond succinctly states “persistence in the face of a stream of losses is known as escalation (Drummond, 1996).”

Little research has been conducted on organizations that initiate de-escalation initiatives. The previous research that has been conducted consists of studying de-escalation in laboratory settings. Two de-escalation studies in field based research settings are Montealegre & Keil’s (2000) examination of de-escalation within an information technology context at the Denver International Airport and Keil & Robey’s (1999) exploration regarding a troubled software project. I utilize these studies as my conceptual framework.

In their article entitled, *Turning around Troubled Software Projects: An Exploratory Study of the De-escalation of Commitment to Failing Course of Action* (1999) Keil & Robey identify key factors in organizations that are de-escalating troubled projects. This article discussed troubled software projects and the “effectiveness of managerial actions taken to turn around or redirect such projects (p.63).” The article states that a key component to turning around troubled projects is for management to recognize problems and prepare to take corrective action.

Further research regarding de-escalation by Montealegre and Keil (2000) examined a recently implemented IT based baggage handling system at the Denver International Airport. Their study sought to “understand the process of de-escalation and to establish a model for turning around troubles projects that had both theoretical and practical significance (p.417).” This paper showed that de-escalation was a four-phased process, consisting of 1) problem recognition, 2) re-examination of prior courses of action, 3)

search for alternative courses of action, and 4) the implementation of an exit strategy.

The phases help explain the key activities that comprise de-escalation.

Another study on de-escalation was undertaken by management scholar Helga Drummond (1995). This study dealt with the dissolution of a law partnership and showed the importance of power and timing in de-escalation situations. In this study, the disadvantages of the partnership manifest themselves quickly. This forces the subject to make a decision on staying in what is correctly perceived as a losing course of action. Drummond (1995) states the sooner negative feedback emerges the likelihood of withdrawal is increased. This shows that the timing of negative feedback is critical.

De-escalation in a University Athletics Department

I use Escalation of Commitment theory to explore the situation at the University of Chicago in the early 1900's. The University of Chicago was chosen for a number of reasons. Although many universities have dropped their athletic programs to lower classifications with the NCAA, the University of Chicago is unique in that it is a highly selective university that was a founding member of one of the top athletic conferences in the country yet chose to abandoned scholarship football.

I will draw a comparison between this theory's application in foreign policy and business to a private institution's athletic program. This study will focus on organizational-level de-escalation at a select university which struggled for years to define athletics within the institution and then took the unprecedented step in abolishing football. This was done despite the fact that there are a number of highly selective universities that still compete in Division I athletics. Ross and Staw (1993) note that

“since escalation research is as much concerned with how organizations get out of losing courses of action as with how those courses expand over time, it is important to examine projects that are not self-terminating.” Studying de-escalation at the University of Chicago is a perfect scenario because it is the only school that competed in a major Division I conference to completely abandoned scholarship football.

Method

Data for this paper were collected through a thorough document analysis process from documents primarily gathered from the Department of Special Collections at the University of Chicago. Because this study focuses on a situation that happened in the early 1900’s a document analysis was the most appropriate research method. Data analysis focused on providing a historical assessment of the events that took place at the University of Chicago. Patton (2002) states that documents are “written materials and other documents from organizational, clinical, or programs records; memoranda and correspondence; official publications and reports; personal diaries, letters, artistic works, photographs, and memorabilia; and written responses to open-ended surveys (p.293).” Documents for this study consisted of peer reviewed academic journal articles, college dissertations, papers of William Rainey Harper and Amos Alonzo Stagg, and historical books about Harper, Hutchins and Stagg. These documents provided a through description of the events at the University of Chicago. Although a qualitative document analysis is interpretive by nature I focused on the historical aspects that were well documented.

These data helped me gain valuable information regarding both the athletic department and the university during the time period studied. Patton (2002) continues by noting “records, documents, artifacts, and archives – what has traditionally been called “material culture” in anthropology – constitute a particularly rich source of information about many organizations and programs (p.293).” Data presented here consist of excerpts from documents captured in a way that records and preserves context. Reviewing these documents was important not only for the information yielded but because they helped me find other paths of inquiry that were beneficial.

A secondary source of data consisted of four interviews with authors of books regarding the subject matter and with retired university faculty members. These individuals were chosen because of their specific knowledge of the subject matter. Four interviews were conducted for this research. Two subjects were interviewed once and one subject was interviewed twice. One of the interviewees had written his PhD dissertation on the subject, which was later developed into a popular press book. The other two interviewees were retired history and sport studies professors who had done academic research regarding the subject matter. These interviews were conducted over the phone and averaged between 30 - 45 minutes in length. By asking semi-structured questions I was able to get subject to expand on their initial answer. Additional sources of information consisted of newspaper articles, mainstream books on higher education during the time period researched, and academic articles were used to develop background knowledge of the subject matter.

I began data collection by reviewing published articles in the mainstream press regarding the University of Chicago's decision to abolish football. This allowed me to develop an understanding of the situation. I visited the University of Chicago's libraries on two separate occasions and gathered data from documents located in the university archives. After these visits I interviewed subjects that had a working knowledge of the subject matter. These interviewees included an academic whose PhD dissertation on the subject of athletics at the University of Chicago had been turned into a popular press book and academics who had written peer reviewed articles on the subject.

Case Study Methodology

The information will be presented to the reader in the form of a historical case study. Stake (1995) notes "a case study is the study of the particularity and complexity of a single case, coming to understand its activity within important circumstances." Yin (2003) suggests that the case study is "the method of choice when the phenomenon under study is not readily distinguishable for its context (p.4)." Because of the numerous stakeholders involved in decisions regarding university athletics and the broader context that athletics plays in our society the case study is an appropriate method in which to study the University of Chicago. Previous de-escalation research has noted that case studies allow researchers to observe de-escalation behavior in a natural setting (Montealegre & Keil 2000). Observing de-escalation strategies in a historical setting provided insight into the dynamics of a university athletic department and the stakeholders that influence behavior.

The case study is used because of a lack of field based experiments regarding de-escalation. Yin (1984) further defines the case study research method as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used (p.5).”

Limitations

Because the events that I explore took place in the early 1900’s I was limited to the material that had been preserved in the university archives. Supplementary data information came from authors who had written books about the university and its athletic program. These individuals were invaluable in providing useful information that provided background regarding the main actors. While there was ample information available regarding this subject matter there was also information that was surely lost due to the time lapse between the actions discussed and the writing of this paper. While this paper explores how one private university dealt with escalation involving athletics in the early 1900’s, it is noted that all universities have vastly different viewpoints regarding the benefits and drawbacks derived from athletics.

Background of the University of Chicago

The University of Chicago was founded in 1891 by its benefactor, oil magnate John D. Rockefeller. The motto of the university is *Crescat scientia; vita excolatur*. Latin for: Let knowledge grow from more to more; and so be human life enriched. History has documented that Rockefeller was “a man of conscience who strove to be both a good churchman and a good businessman (Storr, 1966).” Frederick Rudolph stated that “no

episode was more important in shaping the outlook and expectations of American Higher Education....than the founding of the University of Chicago, one of those events in American history that brought into focus the spirit of the age (Lester, 1999).” This was due to Rockefeller’s unprecedented donation and the recruitment of world class scholars.

It owes its prestige to an undergraduate curriculum that emulates a liberal arts college and a research institution modeled after the German system. Over the years it has been affiliated with 82 Nobel Prize laureates and a leader in the development of modern physics. It was the university’s physics department that developed the world’s first man-made, self-sustaining nuclear reaction. However, the history of the university can be chronicled in the story of two of its past presidents, William Rainey Harper and Robert Maynard Hutchins, and its iconic head football coach, Amos Alonzo Stagg.

These two presidents and the school’s football coach played an integral part in the development of higher education in the country and the role that athletics plays on a college campus. In an article published in the *Journal of Sport History* Lawson and Ingham (1980) analyzed three areas where Harper, Hutchins, and Stagg intercepted at the University of Chicago. These areas were:

In the founding in 1892 of an institution of higher education which Harper envisioned would be the prototype of a service station genre of modern urban universities, 2) in the evolution of physical education and athletics in this institution; and 3) in the struggle which eventuated between Hutchins and Stagg when the former strived to reverse many of the programs that Harper had initiated, among them being intercollegiate football and the requirement in physical culture (p.39).”

This article explores the relationship between Harper, Hutchins and Stagg in what would become a precursor of the interplay between college presidents and head coaches that many schools would find themselves in regarding intercollegiate athletics.

Findings and Analysis

Four main factors played a role in the de-escalating of athletics at the University of Chicago: 1) Change in Presidents, 2) Shifting Academic Visions, 3) Athletic Department Finances, and 4) Change in Coaches. This section will discuss these categories and the role they played in this study.

Change in Presidents

In the beginning, John D. Rockefeller hired William Rainey Harper to establish the best university west of the Mississippi. He instructed President Harper to recruit the best and brightest to serve as deans at the school. The faculty that Harper would eventually recruit would be comprised of nine former presidents or seminary leaders (Lester, 1999). After Harper assembled his faculty he would remark “It’s not a very good university, it’s only the best there is.”

Although an academic by training Harper was well versed in the need to promote the university. “Harper was the perhaps the first American university administrator to grasp fully the educational and philanthropic possibilities of physical education and football (Lester, 1999).” What cannot be denied is that Harper realized the importance of publicity for a young institution. He would use this publicity created by the football program to draw attention to all Chicago academic departments and promote the school’s reputation as a first rate academic institution. Harper was not the only member

of the faculty to express interest in intercollegiate athletics as a promotional tool for the university. “Albion W. Small, sometime college president and head of the sociology department, expressed the same idea: “... athletic sports in our colleges are among the most important moralizing influences at our disposal (Storr, 1966 p.179).”

The history of the University of Chicago and intercollegiate athletics are tightly intertwined. When the school was first opened in 1891 President Harper ensured that athletics would be a central part of the school by hiring Amos Alonzo Stagg. Stagg, a graduate of Yale University, was hired not just as a football coach but as an associate professor in the Department of Physical Culture. “Stagg was not – as custom elsewhere indicated – a coach hired by an autonomous athletic association to produce winning teams but a professor appointed by the University to carry to success a segment of its own program (Storr, 1966 p.180).” This move insured him tenured status and was designed to better integrate athletics into the overall mission of the university. As a reminder, the mission of the school was to serve as a modern research university.

Prior to assuming the presidency at Chicago, Harper had been a professor at Yale where Stagg was one of his top students. The hiring of Stagg fit neatly into the plans of Harper to establish Chicago as a premier institution of higher learning in what was then the western part of the United States. Together, Stagg and Harper would use football to promote the school to both the city and the country. This promoting was accomplishing through radio broadcasts and newsreel highlights and was used to engage the public in Harper’s idea of an American university (Lester, 1999). This strategy would prove

effective until the university named Robert Maynard Hutchins as the president of the University of Chicago, who was appointed in 1929.

Prior to the presidency he has served as dean of Yale Law School. The son of a former college president, Hutchins set out to establish his legacy at the university. That legacy would involve trying to change the undergraduate curriculum, dealing with a university that was constantly strapped for funds and abolishing varsity football.

Previous de-escalation research has noted that a change in top leadership of a project is often needed to force a change in a given course of action. The de-escalation literature notes that “for a variety of psychological, social, and organizational reasons, top management may maintain its commitment to projects that are deeply troubled (Keil & Robey 2000 p.67).” This was especially true at the University of Chicago. When Harper was president of the school he had a plan to use football (and athletics) to promote the mission and vision of the school. This philosophy changed when faculty voted to de-emphasize physical education and mandate that university athletics be pursued at the intramural level.

As in any university setting, the president’s voice is but one of many. In the Chicago case, Hutchins and the Board of Trustees worked hard to marshal support of both faculty and other university stakeholders. For the most part, alumni supported the move out of scholarship football. One trustee estimated that “eighty percent of the 47,000 alumni were outspoken in favor of the break (Lester, 1999 p192).”

Hutchins used articles like the one in the Saturday Evening Post to win support of alumni and the public. This was done to speak directly to a large number of alumni

which Hutchins understood to be stakeholders in the university. By appealing to these stakeholders through certain media outlets Hutchins was able to win the support of the majority of alumni as well as current students.

Shifting Academic Visions

Prior to the arrival of Hutchins, there had been concern at the university regarding the undergraduate college. The University of Chicago graduate schools still were among the nations' finest, but campus administrators had grown concerned with the place of the undergraduate college. To combat this problem Deans Wilkins and Boucher authored what came to be known as the "New Plan". This plan was in the works during Hutchins inauguration in 1929.

President Hutchins had a vastly different viewpoint of the mission of the university than Harper. "Hutchins fundamental point of departure rested in the assumption that a university's principle function should be to provide intellectual leadership in society (Lawson & Ingham 1980, p.49)." In his book *The Higher Learning of America* (1936) Hutchins outlined one of the sources of problems with higher education. This problem consisted of "the love of money" which forced the university to 'sell its soul.'" "And in order to make themselves attractive to students, donors, and legislation, thereby to acquire money, institutions tended to emphasize social life, character building, and athletics, all of which led to a debasement of these institutions and to a confusion of their purposes (Lawson & Ingham 1980 p.50)."

During Hutchins initial years at the school the faculty passed a revised curriculum known as the "New Plan". This plan called for revisions in the undergraduate portion of

the curriculum. Specifically, the plan instituted comprehensive exams after the students second year and before the student could enter the specialized portion of their degree plan. Another not so insignificant move was the abolishment of physical culture as an undergraduate requirement. This move dealt a blow to Stagg who wanted to use the physical culture requirement to recruit and retain athletes. “In losing the physical culture requirement, Stagg had seen his player development system dismantled (Lawson & Ingham 1980 p.52).”

A separate “uncommissioned” report, authored by Dr. Dudley Reed, the Health Officer of the University of Chicago, “proposed that a premium be placed on health and enjoyment and suggested that intramurals be elevated over commercialized athletics with its “win at all costs” ethic (Lawson & Ingham 1980 p.52).” The proposal, which was endorsed by Hutchins, showed just how far the visions of Hutchins and Harper diverged. Hutchins viewpoint was made clear in this statement he made:

I hope that it is not necessary for me to tell you that this is an educational institution, that education is primarily concerned with the training of the mind, and that athletics and social life, though they may contribute to it, are not the heart of it and cannot be permitted to interfere with it (Lawson & Ingham 1980 p.59).

During his time as President of the school Hutchins used the media to strengthen his position regarding athletics place in the university. In an article published in the Saturday Evening Post entitled “*Gate Receipts and Glory*” Hutchins noted that “physical education might have a place in higher learning, but he attacked what he termed the “myths of Athleticism” that were a part of intercollegiate athletics (Lester 1999 p.163).”

One of President Hutchins's goals was to reemphasize undergraduate education. The decline of the football program coincided with the school's decision to reemphasize undergraduate education at the school. Prior to Hutchins's arrival, school administrators and faculty at the university felt that their undergraduate education was slipping. Faculty believed this slippage was due, at least in part, by the physical culture requirement that was invariably tied to football (Lester, 1999). President Hutchins felt a reworking of the school's undergraduate curriculum was in order. Under the "New Plan" the physical culture requirement was abolished. This move was in contrast to the directions that other universities were moving. "By the mid 1930's, most American universities had developed a physical education major in response to required physical education in most school systems in America (Lester, 1999 p.137)." The changes instituted at Chicago to the curriculum made it harder for players to gain acceptance to the school. These actions were legitimized with the school's acceptance of the "New Plan."

Unlike President Harper, Hutchins was not trying to promote the academic reputation of the University of Chicago through its football program. By the time Hutchins was named president of the University of Chicago the school was widely considered a first rate academic institution. It no longer needed (or wanted) a football program to enhance and promote the image of the school. Hutchins's main argument was that athletics, particularly football, were inconsistent with the mission of the school. Said differently, by not connecting the visibility afforded football with promoting Harper's vision of the school Hutchins had redefined the problem. If President Harper's plan was to use football to enhance and promote the school's academic reputation then Hutchins

reasoned that with that reputation intact then football was not needed. In fact, Hutchins believed that football and the physical culture requirements were hurting the school's undergraduate reputation. Hutchins had in fact redefined the problem of football at Chicago.

Financial Condition of the Athletic Department

The decline of football was swift at the University of Chicago. Helping expedite this decline was the drastic dropping in gate receipts of the football program. "In 1925, Chicago led the Intercollegiate Conference (Big Ten) with net receipts of \$248,867.13, it led again in 1926. Three seasons later, however, it ranked eighth, and as conference football receipts more than doubled from 1923 to 1929, those at Chicago dropped more than 50 percent from 1926 to 1929 (Lester, 1999)," This drastic reduction in revenues helped create a climate of doubt regarding the viability of football at the school.

The idea of football as a long term investment was dealt a blow when the administration decided not to invest in building a bigger stadium, but simply expand the existing facility. "Alumni supporters assumed that the stadium enlargement meant that the Chicago administration was dedicated to a heightened scale of football activity, but the truth lay elsewhere (Lester, 1999)." This move came at a time when rival schools were making strategic investments in their football stadiums as primary revenue sources. In deciding to enlarge the existing facility but not build a brand new stadium, school administrators had made a calculating bet to keep alumni happy but also retain authority over football expenditures. The refusal of the university to build a stadium coincided with an era of unprecedented expenditures devoted to stadium construction by rival

universities. During this time period college football enjoyed its greatest growth period in history. Between 1921 and 1930, football “enjoyed a doubling of attendance and a trebling of total gate receipts, and the Intercollegiate Conference (Big Ten) may have experienced the most significant growth over this period of all groups (Lester, 1999).”

Football growth was especially prominent in Chicago. Although Chicago was a large city that had a strong history of supporting sports “an important factor in the university’s rapid loss of the marketplace lay in the number of alternative games offered in the metropolitan area (Lester, 1999).” Among these alternative games being offered were from rivals Northwestern University, Notre Dame University and the University of Illinois, as well as the Chicago Bears of the newly created National Football League.

In 1939, university administrators discussed alternative courses of action regarding intercollegiate football including 1) hiring a new coach, 2) recruiting new players, 3) new opposition, 4) a new scale of participation, and 5) abrogation of the sport (Lester, 1999). Each of these alternatives were discussed and debated. The first alternative was dismissed because the present coach, Clark Shaunessy, had tenure and was considered by all to be an excellent coach despite his record at the school. The second alternative was not a viable option because the school refused to succumb to the recruiting tactics used by rival schools. The third alternative, to play lesser schools, was seriously discussed but President Hutchins did not like the idea of “diminishing Chicago’s status as a premier university” by regularly scheduling non research based schools like Oberlin and Beloit (Lester, 1999 p.183). The fourth alternative that was discussed involved

playing an intramural schedule was considered unworkable and therefore dismissed. That left only the last alternative which was to abandoned football.

Hutchins was an educational puritan at heart and sharply disagreed with Stagg's stance regarding the importance of football. However, he was not naive about garnering political support for the move out of football. In the years leading up to the dropping of football in 1939, Hutchins made not so subtle attempts at garnering political support from key constituencies. This move was done to lessen the impact that the decision would have on key university stakeholders. One of these key stakeholders was University Trustee John Nuveen. Hutchins began courting Nuveen by "showering the other members of the board with memorabilia and antfootball literature; they included articles and editorials from the nations press (Lester, 1999)."

Another tactic used in the years leading up to 1939 by Hutchins was writing articles in leading publications expressing concern over the direction of intercollegiate athletics. These articles were distributed to the university's Board of Trustees. The articles along with Chicago's winless record eventually persuaded the board to go along with Hutchins recommendations.

Few activities are more institutionalized on a college campus that athletics. Within an athletic department few sports bring a campus together than football. Football is embedded in the fabric of most research institutions. Because of the growth of intercollegiate athletics, football has been the vehicle that most schools use to brand their institutions (Roy, Greaff, & Harmon, 2008). While this is less true at academically prestigious schools many of those schools, including Stanford, Northwestern, and Duke,

still play Division I athletics. Because of this, the decision to abolish football on an American campus involves much more than a president making a unilateral decision.

At the University of Chicago the financial condition of the athletic department played a key role in the de-institutionalization of the football program. If the football program at the school could not pay its own way then it relied on university funds. The decline of football was swift. Helping expedite this decline was the drastic dropping in gate receipts for football. This drastic reduction in revenues helped create a climate of doubt regarding the viability of football at the school.

The idea of football as a long term investment was dealt a blow when the administration decided not to invest in building a bigger stadium, but simply expanding the existing facility. This move came at a time when rival schools were making strategic investments in their football stadiums as primary revenue sources. In deciding to enlarge the existing facility but not build a brand new stadium, school administrators had made a calculating bet to keep alumni happy but also retain authority over football expenditures. Chicago would have no argument for “sunk costs” of a new stadium to deter administrators when deciding the merits of continuing football at the school.

Change in Coaches

It is clear from both the popular press and academic literature that Stagg’s reputation and the escalation of football at Chicago are intertwined. During his tenure at Chicago, Stagg made many changes to the position of head coach. “Stagg’s rise was due to his special relationship with Harper, his dominant personality, the precentless department that he headed, the innovative “profession” of coaching of which he was a pioneer, and

the enlargement of his national reputation based upon his unparalleled entrepreneurial and his football genius (Lester, 1999).” These changes were made with the idea of increasing his power base both inside and outside of the university. However, the culture changed when Hutchins became president.

With the appointment of President Hutchins came a reexamining of athletics at the University of Chicago campus. President Hutchins and the faculty never quite accepted the arrangement that Harper had with Stagg and athletics. Prior to stepping down as Chicago’s coach Stagg wrote a letter to President Hutchins. In this letter Stagg writes “I may be frank in saying that I have often felt that, in fairness to myself, I should resign from the University and take a position where I would have a favorable chance to recoup the loss in prestige which I have suffered as a football coach (Lester, 1999 p.148)” After failing to come to an agreement with Hutchins on a proper position for himself at the University, Stagg resigned and later accepted the head football coaching job at the University of Pacific in Stockton, California.

After Stagg’s departure to the University of Pacific, the University of Chicago’s football program declined dramatically. Hutchins stated that “unless the football team wins a fair proportion of its games, it does not serve as a rallying point for the undergraduates (Murphy & Bruckner, 1976 p.223).” As spectator interest in the program declined so did the talent recruited to the school. The coach that followed Stagg, Clark Shaughnessy, watched as the school gradually lost ground to its conference rivals.

In 1939, Hutchins de-emphasized athletics and officially abolished intercollegiate football at the University of Chicago. Lawson & Ingham (1980) state that the withdrawal

from football competition was but one more indication that the University of Chicago “regarded education as a serious occupation for serious people, and not as recreation and punishment for the immature (p.58).” Seven years later the school would withdraw all its other sports from the Big Ten conference before reinstating Division III non scholarship football in 1969.

It was clear to all parties involved that the resignation of Stagg dealt football at the University of Chicago a blow. From a prestige standpoint, the university was left without their most famous spokesperson. For years Stagg and the university had been synonymous with football success from both a local and national perspective. The research conducted for this paper indicated that even with a change in presidents the abolishment of football would not have happened without a change in coaches. Keil and Robey (1999) state that “when project champions leave, or are removed, it is often easier for commitments to be reassessed and de-escalated (p.68).” In this case, Stagg served as a champion for football at the university. Stagg’s predecessor was never able to win support of the administration.

Discussion

As discussed, de-escalation is a four part process (Montealegre & Keil, 2000). This process – problem recognition, re-examination of prior course of action, search for alternative course of action, and implementing an exit strategy - has become the model for better understanding de-escalation within organizational theory. This section will be used to examine the findings/analysis of the case and tie it to Montealegre & Keil’s (2000) model that is outlined in the introduction chapter.

The change in presidents at the University of Chicago brought the need to both recognize there was a problem with intercollegiate athletics at the school and the chance to reexamine the prior course of action taken by President Harper. As noted earlier, a reexamination of prior course of action is part of Montealegre & Keil (2000) four phase de-escalation model. In the beginning, athletics offered a chance for the university to promote its growing reputation. This was done by hiring excellent faculty and using Stagg's success on the football field to help the university brand itself as a first rate institution. However, when Hutchins became president, the University of Chicago was well established as a prominent school in the country. Indeed, Hutchins felt that the undergraduate curriculum was being hindered by athletes that were underperforming in the classroom. This led the University of Chicago to search for alternative courses of action regarding their football program.

Montealegre & Keil (2000) note that one of the phases of de-escalation involves searching for an alternative course for action. Prior to abolishing football, the school administrators searched for ways that athletics and academics could coexist at the school before ultimately deciding to drop the sport. However, before deciding to end football President Hutchins need to put in place an exit strategy that would ensure that the school was successful in this move despite strong opposition.

The removal of Amos Alonzo Stagg from the university was a central part of Hutchins overall exit strategy. Readers will note that the implementation of an exit strategy is the fourth phase of Montealegre & Keil (2000) de-escalation model. Stagg, who had built a loyal following both at the school and around the nation, was strongly

against the move to abolish football. Hutchins, to his credit, understood that he would never be able to enact this change as long as Stagg was at the school. In essence, the removal of Stagg was the first part in Hutchins exit strategy.

CHAPTER V

SUMMARY AND CONCLUSIONS

To this day the question remains: Did the University of Chicago make the right decision to abandoned Division I athletics? Private schools like Duke University, Vanderbilt University, and Stanford University are first class academic institutions that also participate in Division I athletics. Proof they note that schools can maintain tough academic requirements and still play intercollegiate athletics at the highest level. William H. McNeill, distinguished professor emeritus and noted antfootball critic noted in his book entitled *Hutchins' University* (1991):

Of all the actions Robert Maynard Hutchins took in his twenty years as president of the University of Chicago, the abolition of intercollegiate football, announced in December 1939, provoked the loudest reaction, both among alumni and across the country....Football overshadowed everything else, and the university's popular reputation as a place where radical intellect had snuffed out red-blooded, all-American games became an unhappy counterpoint to (William) Benton's celebration of the university's cultural and public roles. In retrospect, it is clear that withdrawal from big time football involved significant loss for the university... The loss for the university was and remains real (Lester, 1995 p.197).

McNeill's comments highlight the fact that at the University of Chicago, like most higher education institutions there is diversity of opinions regarding athletics, particularly football. Perhaps at a school like the University of Chicago with its rigorous study football could have served as a necessary counterbalance. The abolishment of football at the university does not acknowledge that athletics can be used as promotional tool for the university.

Hutchins muffed a chance to continue Harper's tradition of pioneering in sports and cashing in on the public attention football commanded; and the student body lost the chance of supplementing their superior intellectual prowess with a more

visceral but very valuable sort of collective identity, based on association with famous athletes and cheering them on – thus associating themselves and the whole university with another, quite genuine kind of excellence (Lester, 1999 p.197)

Although Hutchins decision to abandon football will always be second guessed they can be little argument that today, years after the decision to abandon football, the University of Chicago remains one of the top research universities in the country. Critics can argue that there are highly selective and academically prestigious schools that compete in Division I athletics and indeed that is true, however, it deserves mentioning that there are academically prestigious schools that struggle to compete with large state supported universities.

Another question that deserves attention is whether or not this type of decision could be enacted in today's college athletics environment. With the increased media attention that the revenue sports – football and basketball – generate the answer would likely be no. If a school president or board of trustees were to abolish or reclassify athletics there would be tremendous media exposure placed on the school. The majority of this media exposure would certainly be negative in nature as was the case with Birmingham Southern College. When President Gordon Gee abolished the athletic department (but continued Division I athletics) at Vanderbilt University he was attacked as an administrator that did not take athletics seriously. As a reminder, Hutchins faced tremendous negative media exposure even before the advent of television for his decision to abolish football at the University of Chicago. In an age when most universities operate in a political environment this would create what most campus administrators would consider to be unneeded attention on the school.

The larger question pertains to the extent to which universities use their athletic program's success to promote the broader mission of the school, which is, arguably, academic excellence. As an example, some would assert that the University of Notre Dame has used the visibility brought by football's on the field success to promote the school's academic mission. Today, Notre Dame is the flagship Catholic university in the country. A designation many credit at least in part due to football's success. I believe that is an isolated case and would argue that a school's academic mission and their athletic department are separate functions that have little correlation with each other. The research presented in the University of Chicago case shows that while the school initially used the football program to promote academics the abolishment of the sport has certainly not hurt the institutions academic reputation.

It deserves mentioning that few athletic departments operate without subsidies from the university (Fulk, 2009). Often, these subsidies come in the form of increased student fees or from the university's central fund. As universities struggle to provide a meaningful education while maintaining reasonable tuition costs greater attention is paid to how a school allocates their financial resources. As the costs continue to rise for schools that try and compete at the Division I level campus administrators at these institutions are going to make hard decisions regarding the role intercollegiate athletics plays on their campuses. This is especially true at private institutions that often do not have the financial resources to compete with large state schools and are typically more selective in the students they admit. This made the decision at the University of Chicago a unique case to study. As the delineation continues in Division I athletics between

schools that are willing to engage in escalating athletic budgets and those that do not have the financial resources to do so it looks like Hutchins decision was not only courageous but correct.

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APPENDIX

INITIAL QUESTIONS ASKED BY INTERVIEWER

- When did participating in Division I athletics cease to be a good idea?
- What factors contributed to your individual institution's decision to continue playing Division I athletics?
- What participation did the Board of Trustees play in the decision making process?
- Who disagrees with you regarding the direction of intercollegiate athletics at this institution?
- What is the annual budget for the athletic department?
- How much influence did athletic department stakeholders play in continuing to participate in Division I athletics?
- Discuss the schools endowment and branding initiatives as they related to the schools athletic status?
- Did participating in Division I have an impact on enrollment?
- How do universities stop or reposition their athletic department once it becomes clear that they are headed in down a path of escalation of commitment?
- What was the most difficult part of leaving Division I?
- Discuss the political aspects of staying (or moving) in Division I?
- What was the thought process in participating in Division I?
- Where is the relationship between the faculty and the athletic department?
- Where did the President and the Board of Trustees stand regarding athletics?
- When did participating in Division I athletics cease to be a good idea?

- What factors contributed to your individual institution's decision to continue playing Division I athletics?
- What participation did the Board of Trustees play in the decision making process?
- Who disagrees with you regarding the direction of intercollegiate athletics at this institution?

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